



mavi

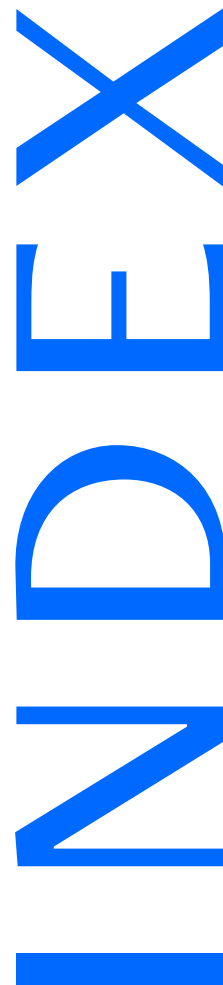
2022
ANNUAL
REPORT



mavi

2022

ANNUAL
REPORT



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01

KEY FINANCIAL METRICS

01 KEY FINANCIAL
METRICS

02 CHAIRMAN & CEO
LETTERS

03 MAVÍ BRAND
HIGHLIGHTS

04 MAVÍ'S SUSTAINABILITY
EVOLUTION

05 CORPORATE
GOVERNANCE

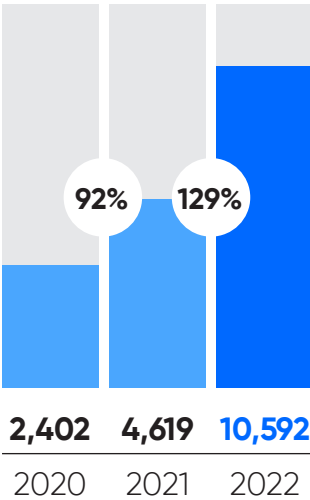
06 INDEPENDENT AUDITORS REPORT &
CONSOLIDATED FINANCIAL STATEMENTS

07 GENERAL
ASSEMBLY

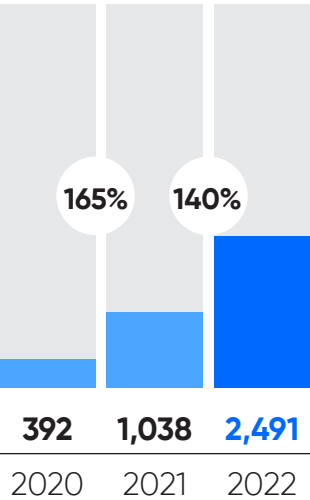


FINANCIAL PERFORMANCE

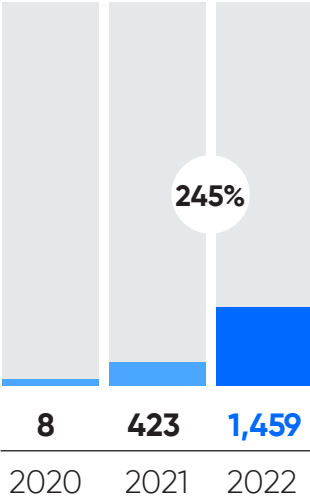
REVENUE (million TL)



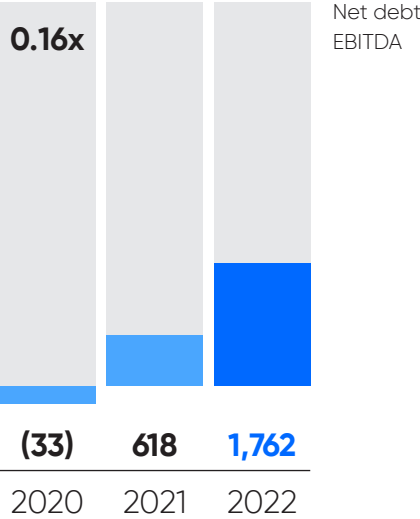
EBITDA (million TL)



NET INCOME (million TL)



NET CASH (million TL)



CONSOLIDATED GLOBAL FIGURES



TURKEY

Retail stores: **329**
Average store size (sqm): **510**
Franchise stores: **67**
Wholesale doors: **~520**
HQ and showroom: **1**
Warehouse: **(3rd party)**
Employees: **5,312**



EUROPE

Retail stores: **1**
Wholesale doors: **~800**
HQ: **1**
Showroom: **10**
Warehouse: **(3rd party)**
Employees: **52**



USA

Wholesale doors: **~1,150**
HQ: **1**
Showroom: **3**
Warehouse: **1**
Employees: **80**



CANADA

Retail stores: **4**
Wholesale doors: **~900**
HQ: **1**
Showroom: **3**
Warehouse: **1**
Employees: **81**



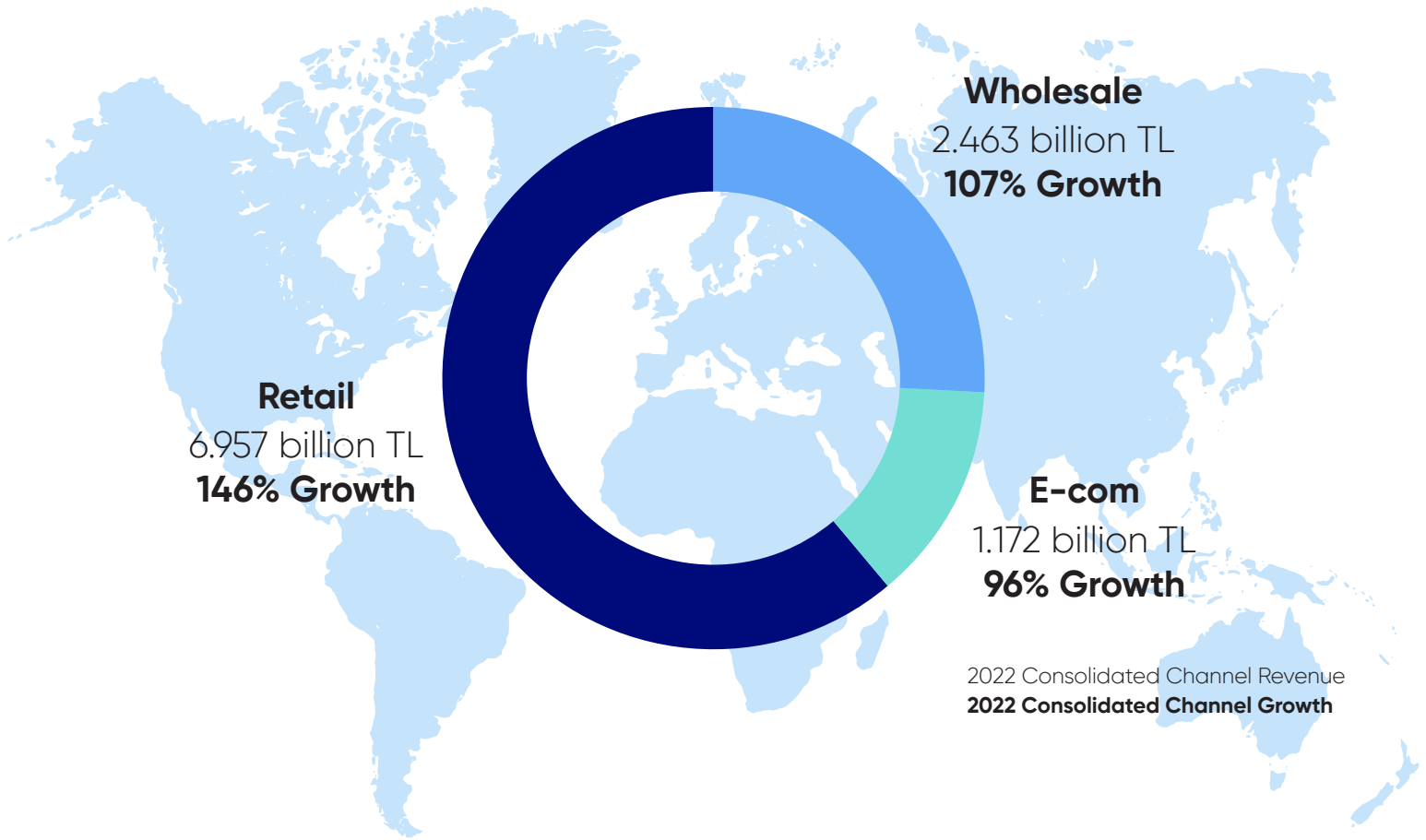
RUSSIA

Retail stores: **17**
Franchise stores: **17**
Wholesale doors: **150**
HQ and showroom: **1**
Warehouse: **(3rd party)**
Employees: **145**



REST OF THE WORLD

Franchise stores: **24**
Wholesale doors: **23**

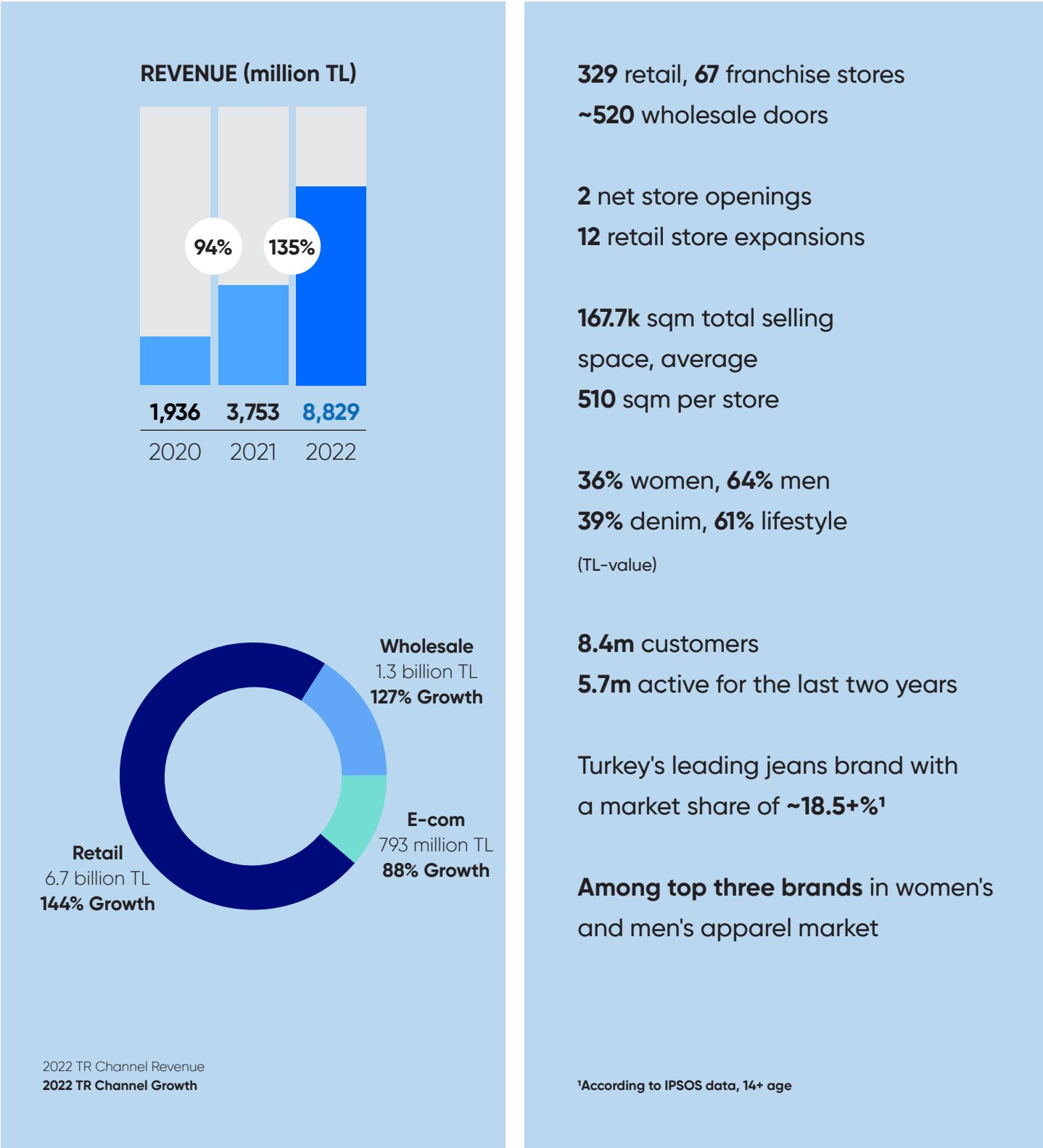


MAVI AT A GLANCE

Global

TOTAL REVENUES	10.6 Billion TL revenue	83% Turkey revenue	17% International revenue
GLOBAL MARKET	37 Countries	459 Mono-brand stores	~4,500 Points of sale
RETAIL	146% Retail revenue growth	2 Net new store openings	
ONLINE	96% E-com revenue growth	11% E-com share in sales	
EMPLOYEES	5,670 Employees		
SUPPLIERS	~80% Local sourcing	120+ Global suppliers	

Turkey



02 CHAIRMAN & CEO LETTERS

01 KEY FINANCIAL
METRICS

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07 GENERAL
ASSEMBLY



Ersin Akarlılar
CHAIRMAN

In 2023, we mark the centennial of the Republic of Turkey and we recognize the responsibility that falls on us as a leader in our industry. Mavi has blazed a trail in Turkey for more than three decades and proudly represented our country around the world, while always looking to the future. The organizations that perform well, work, create and grow by putting their minds, hearts, and passion into everything they do, those that evolve with the new generations, capture the moment, and have the skills to build the future, will drive Turkey to its second century. And Mavi, epitomizing all of these features, will continue to add value to our country, or as we say it, “continue to be too much.”

LETTER FROM THE CHAIRMAN

I am deeply saddened by the devastating earthquake that shook Turkey deeply on February 6, 2023, and offer my condolences to everyone who lost their loved ones. This earthquake was of massive proportions, and we know that it will take a long time to recover from the immeasurable loss and destruction. At Mavi, we sprang into action from the very early moments and worked in coordination with public institutions and non-governmental organizations to extend a helping hand to the affected region with our local and global strength. As a brand that proudly sources 80% of its products from Turkey, we understand that it is very important for our suppliers in the region to resume production. Therefore, we are supporting a project launched to build prefabricated houses in the organized industrial zones in the affected region. And we will continue to stand by our communities, employees, business associates and manufacturers.

In 2023, we mark the centennial of the Republic of Turkey and we recognize the responsibility that falls on us as a leader in our industry. Mavi has blazed a trail in Turkey for more than three decades and proudly represented our country around the world, while always looking to the future. The organizations that perform well, work, create and grow by putting their minds, hearts, and passion into everything they do, those that evolve with the new generations, capture the moment, and have the skills to build the future, will drive Turkey to its second century. And Mavi, epitomizing all of these features, will continue to add value to our country, or as we say it, “continue to be too much.”

In my letter last year, I had remarked that 2021 was Mavi’s best year yet. I am so happy to

repeat the same message for 2022 with results outperforming the previous year. In 2022, we increased our consolidated revenues by 129% year on year, reaching TL 10 billion 592 million. This strong performance delivered a net profit of TL 2 billion 491 million. We closed the year with an EBITDA of TL 2 billion 491 million and an EBITDA margin of 23.5%, growing our EBITDA by 140%.

Despite all the crises that the world has faced, we have many reasons for Mavi to continue to write new success stories. First, Mavi is an all-around well-managed company with a very strong foundation and a robust financial structure. We are an excellent team with a passion for always driving Mavi forward. And we have the skills to respond to change in an environment of uncertainty, adapt to the social transformation that comes with the new generations, and boldly move ahead.

The relationships we build with all our stakeholders in our ecosystem and our customers are based on love and trust. We remain committed to our strategy of offering the right product at the right price with the highest quality, no matter what the conditions. For this purpose, we focus on analyzing the changing customer needs accurately as a key priority. Our investments in people, technology, CRM, and innovation lie at the heart of our determined efforts to achieve our financial and product targets. Together with our head offices in Turkey, North America, and Europe, we constantly strive to upgrade and develop our omnichannel sales platforms worldwide to build the Mavi of the future.

Our customers, who are our biggest motivation and inspiration, recognize the value Mavi adds to their lives. In line with Mavi’s “All Blue. All Better. For All.” vision, we captured more than 100% growth in all categories, led by jeans, connecting with all segments of society. We sold 12.5 million pairs of jeans in total. And our Mavi logo sweatshirts, a symbol of unity, were the choice of one million people.

We have integrated the All Blue sustainability strategy as a way of life into all our functions. And we drive our commitment to “making the best jeans” by always delivering better and more innovative products. As a result, the share of the All Blue products in our revenues rose to 14% in 2022. We are honored to be recognized with the “Best Sustainable Collection” title for the fifth consecutive time at the Rivet x Project Awards. We also made the 2022 Climate Change A List, announced by CDP, the world’s largest environmental disclosure platform. We take great pride in becoming the first and only Turkish apparel brand to earn a score of “A” to be included in this list of 283 out of the 20 thousand companies worldwide that respond to CDP.

Mavi is known for its unique culture, values, and innovative ways of doing business, both by our customers and the industry. We are savvy in understanding and interpreting the new world order, next generations, new shopping experiences options and lifestyles. And this understanding guides us in every step from creating innovative sustainable collections and upgrading our technological infrastructure to diversifying our sales channels and enhancing our communications. In the times ahead, we will continue to do better together with our employees, customers, partners, manufacturers, and shareholders.

We wish the whole world health and peace in 2023.



Cüneyt Yavuz
CEO

LETTER FROM THE CEO

In the aftermath of the earthquakes that devastated a wide region in Turkey and left us all in deep sorrow, we still feel a sense of grief. As the Mavi family, guided by our people-oriented values and our heartfelt sense of unity, we immediately mobilized our local and global network and got to work to meet the essential needs of our teams, business partners, manufacturers and communities in the affected region. We joined forces with our local manufacturers and built shelters in four provinces already in the early days after the earthquake. As a brand that proudly sources 80% of its products locally, we are supporting a project launched by the Turkish Exporters Assembly to set up prefabricated houses in organized industrial zones to prevent migration from the region and to ensure that life and production can resume. We are aware that it will take a long time to recover from the massive damage and as always, we will continue to stand by our communities by acting in coordination with public institutions and non-governmental organizations to lend a helping hand in any way we can.

We captured growth and profitability beyond expectations

For us at Mavi, 2022 was marked with confident strides and successful growth and profitability, thanks to our experience of more than 30 years. To repeat what we always say, Mavi is a people-oriented global company with robust financial management and continues to grow by developing strategies in response to the ever-changing conditions.

Even though uncertainties, high inflation rates and supply chain disruptions prevailed worldwide, Mavi delivered its most successful

performance ever. Factors such as positioning the brand accurately, following the right product and price strategy, always focusing on quality and customer experience, maintaining a flexible supply chain, product planning and inventory management, ensured our resilience in the face of crises. In 2022, we successfully increased our consolidated revenues by 129% year on year to TL 10 billion 592 million. And thanks to our strong performance, we posted a net profit of TL 1 billion 459 million. We ended the year with TL 2 billion 491 million in EBITDA and an EBITDA margin of 23.5%, recording an EBITDA growth of 140%. Our robust balance sheet structure enabled us to generate cash from our operations and raise our net cash position to TL 1 billion 762 million. I am pleased to note that we have submitted the proposal to distribute 30% of the 2022 profit as dividend to the General Assembly for approval.

We acquired more than 1 million new customers by increasing our market share

In 2022, we increased Mavi's market share and acquired more than 1 million new customers. We also drove customer demand, delivering a 21% increase in sales volume, 29.5% UPT growth and higher basket size and traffic. With digitalization, CRM and data analytics investments placed at the core of the company, we continued to work toward a more digital future.

I am happy to report that we are making effective progress thanks to our strong retail network in Turkey, presence in international markets, a global e-commerce and multi-channel sales organization, new omnichannel apps and diversified marketplaces. The 2022 growth figures of 146% in global retail, 107% in wholesale and 96% in e-commerce are testament to all these efforts.

We grow with collections that promote innovation, new lifestyles and sustainability

Our products, which our customers love and trust, play a lead role in our success. Therefore, we continue to focus on what we do best, growing through denim innovations and offering lifestyle products that respond to changing habits. With the Mavi Black, Mavi Pro, Mavi Icon, MV91 and sustainable Hemp Denim collections, we expanded Mavi's reach and improved our ability to price our products at a premium. Overall, we sold 12.5 million pairs of jeans in a year.

Drawing from our belief that the best denim is sustainable denim, we continue to expand our sustainable jeans offering every year. Accordingly, we increased the share of sustainable jeans in total denim sales to 27%, and the share of our All Blue collection in revenues from 9% to 14%.

As we own denim expertise and leadership, we also continue to increase our market share with innovation and variety in the non-denim categories. For the first time, the share of the non-denim lifestyle categories in our total sales exceeded 60%. The Mavi logo sweatshirt group, the new Mavi ProTech premium jacket collection, and the exclusive Freedom of Space X Blue and Esra Gülmen X Mavi collaborative collections, captured the spirit of the times creatively.

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I want to thank once again the entire Mavi team and all our customers, suppliers, business associates and shareholders for helping us achieve our goals.

LETTER FROM THE CEO

For us, next generation is more than just an age group and it epitomizes the new values that shape the world

At Mavi, we value the importance of working with both our current employees and the next generation by accurately interpreting the changing cultural composition and new lifestyles. We care about being a youthful brand that understands the needs and expectations of its people. With the NextGen initiative that we recently launched, we are investing in young talent that will drive our business and industry forward and training the leaders of the future by passing on Mavi's corporate values and experience.

As a brand that connects with all segments of society and acts with the 'All Blue. All Better. For All.' motto, we manifest our vision of inclusion in the world of women. In the fall season, we launched the "We Are So Beautiful Together" ad campaign, highlighting Mavi's brand and product positioning for women of all ages, sizes, fashion choices and lifestyles. This campaign not only strengthened our love brand position but also drove our new customer acquisition and sales. Our efforts to promote Gender Equality and women's rights will always remain a key topic on our agenda.

Mavi: the first and only Turkish apparel brand to make the reputable global sustainability lists

The steps we are taking in line with our All Blue strategy, built on sustainable growth through quality, continue to be recognized by reputable global organizations and initiatives. We made the 2022 Climate Change A List, announced by CDP, the world's largest environmental disclosure platform. The emission reduction targets that we set in line with Paris Climate Agreement, were verified by the Science-Based Targets initiative. And we became the first Turkish apparel brand to make both lists. We were also included in the BIST Sustainability 25 Index of Borsa Istanbul, marking another first in our industry. We remain committed to our goal of becoming a climate positive company by 2050 and we will continue to work passionately for a better Mavi and a better world.

In a nutshell, 2022 was a year when Mavi was "being too much" in all aspects. The times ahead will inevitably bring developments that we may or may not anticipate but we will adapt to change by "being beautiful together". I am confident that we will continue on our path, stronger than ever, as we mark the 32nd anniversary of Mavi and the centennial of our Republic in 2023. I want to thank once again the entire Mavi team and all our customers, suppliers, business associates and shareholders for helping us achieve our goals.

03

MAVI BRAND HIGHLIGHTS

- 3.1 About Mavi
- 3.2 Sustainable Growth Strategy
- 3.3 Growth In Each Category
- 3.4 Diversified and Reliable Sourcing Model
- 3.5 Multi-Channel Execution with Retail, International Markets and Online
- 3.6 Brand Priorities and Cornerstones of the Future

3.1 ABOUT MAVI

Mavi, incorporated in 1991 in Istanbul, is recognized as a highly successful **global lifestyle brand**, rooted in **32 years of denim expertise**. Mavi has been publicly traded since 2017 and has a presence in **37 countries**, including Turkey, the USA, Canada, Germany, Russia, and Australia, selling its products through approximately ~4,500 points, including **459 Mavi shops**.

Mavi, recognized as a trusted brand with high quality and right price positioning, is established in the apparel market between the high-end and premium segments. **Perfect Fit** philosophy guides Mavi in designing jeans that perfectly fit its customers' lifestyles, body types, and quality expectations. Mavi ranks among the world's leading premium denim brands and stands apart as the preferred lifestyle brand across female and male consumer segments.

The loyalty program Kartuş, recognized as Turkey's best-in-class with more than 8 million members, serves as a key tool for Mavi to analyze and leverage customer data. Mavi has a unique brand position with fashion-savvy young adults and continues to gain **1 million new customers every year** with its vision of creating the **Happiest Mavi Customers**.

In line with its global strategy, All Blue, built on **sustainable growth through quality**, the company integrates sustainability into its corporate culture, vision, products, and growth targets, believing that **a better world is possible with a better Mavi**. A **global team of 5,670 employees**, whose hearts beat with denim, work passionately to develop the world's best and most innovative jeans, driving Mavi to the future on a path focused on people, planet, denim, and community.



3.2 MAVI'S PEOPLE-ORIENTED SUSTAINABLE GROWTH STRATEGY

01

Aspirational denim-centric lifestyle brand positioning, inspiring the customer, employees, and business partners.

02

Strong brand commitment to **superior quality, the happiest Mavi customer, and sustainability**, maintaining the customer's trust across all touchpoints, from product and service approach to marketing and communications.

03

Global Perfect Fit strategy and the right fit, right product, and right price approach to address different customer groups and maintain growth. **Brand and product strategy driving price positioning and category expansion.**

04

Organizational structure that **manages innovation and profitability with digital data, consumer insights and market knowledge.**

05

Managing the **quality and efficiency** with a focus on sustainability and innovation as a priority. Effective supply chain and **flexible product planning**, leveraging proximity to local manufacturers.

06

Innovative and creative collaborations differentiating the brand, **communication and growing market share** driven by sustainable products and projects.

07

Strong retail network in Turkey, international presence, and global e-commerce and omnichannel sales operations. **Online experience in Turkey and international markets**, digital strategy to drive growth.

08

Strong and **sustainable financial performance.**

09

Mavi All Blue strategy built on '**sustainable growth through quality**' and incorporated into the global brand culture, product structure, and company goals. Responsibility with all employees for achieving **sustainability goals** with the '**All Blue. All Better. For All.**' narrative.

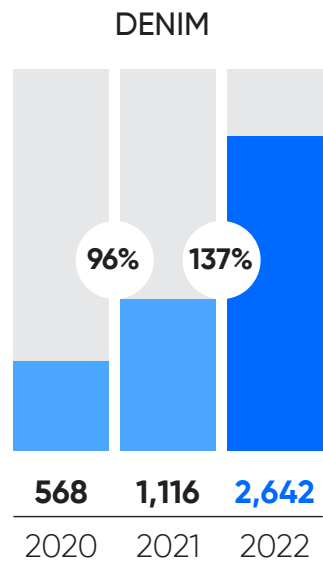
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Experienced management team, agile and result-oriented organizational structure. Corporate culture, focused on **reaching common goals**, embracing diversity, and responding to change while earning **the trust of the customers and business partners.**

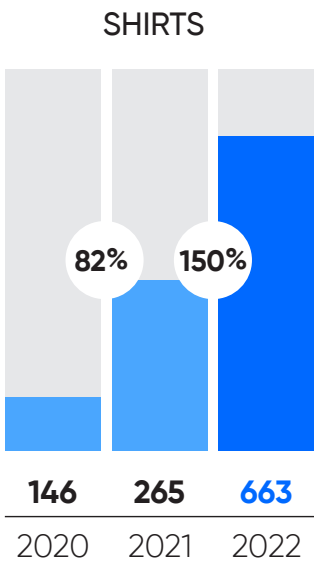
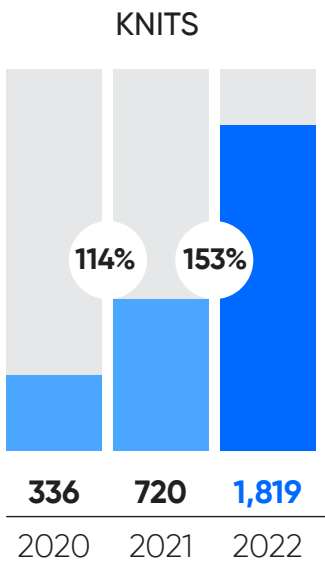


3.3 GROWTH IN EACH CATEGORY

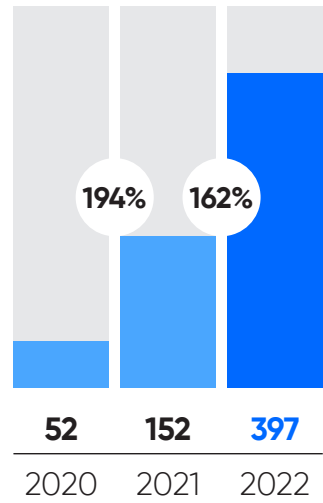
Denim Products (million TL)



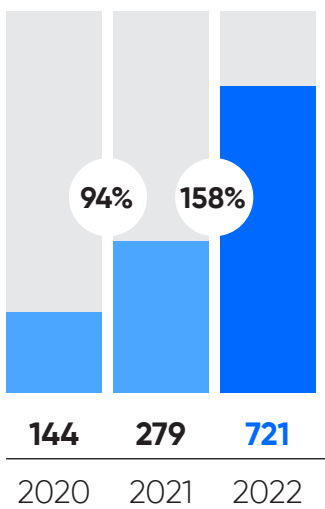
Lifestyle Products (million TL)



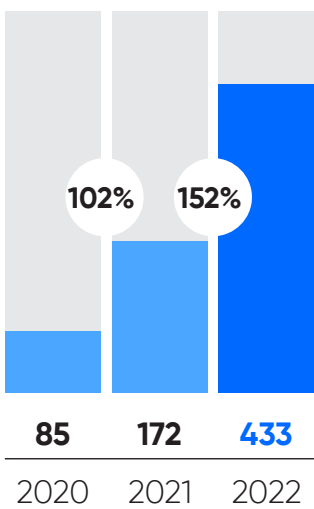
NON-DENIM BOTTOMS



JACKETS



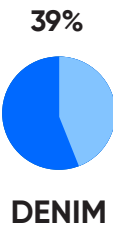
ACCESSORIES



PRODUCT PORTFOLIO AND CATEGORY SHARES

Turkey Retail Net Sales
36% Women 64% Men

Product Category Shares in Sales



WOMEN

MEN

Share in 2022 Turkey retail net sales.

PRODUCT PORTFOLIO AND CATEGORY SHARES

Turkey Retail Net Sales
39% Denim 61% Lifestyle

Product Category Shares in Sales

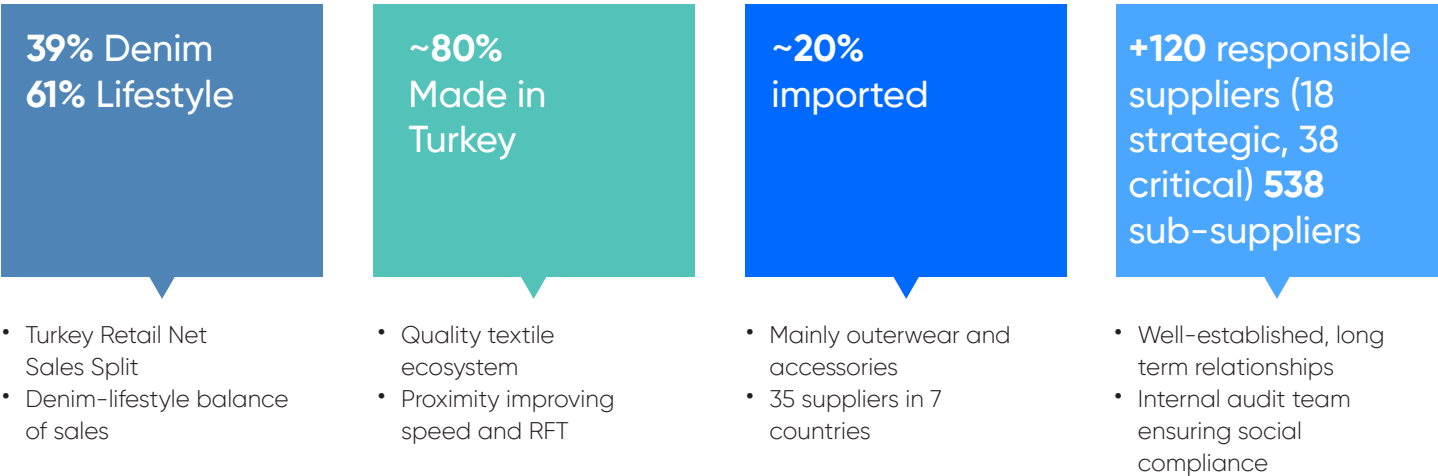


Monetary Value

3.4 DIVERSIFIED AND RELIABLE SOURCING MODEL

As a denim-centric ready-to-wear company, Mavi does not engage directly in any production activities. Mavi works with over 120 suppliers that manufacture at world standards through its global purchasing network.

Quality-Driven Efficient Sourcing Structure



MAVI DENIM BUSINESS

50% of Product Cost

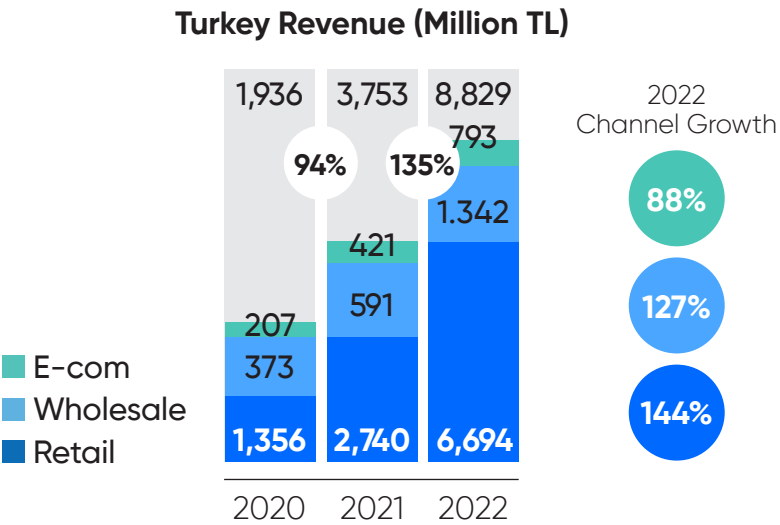




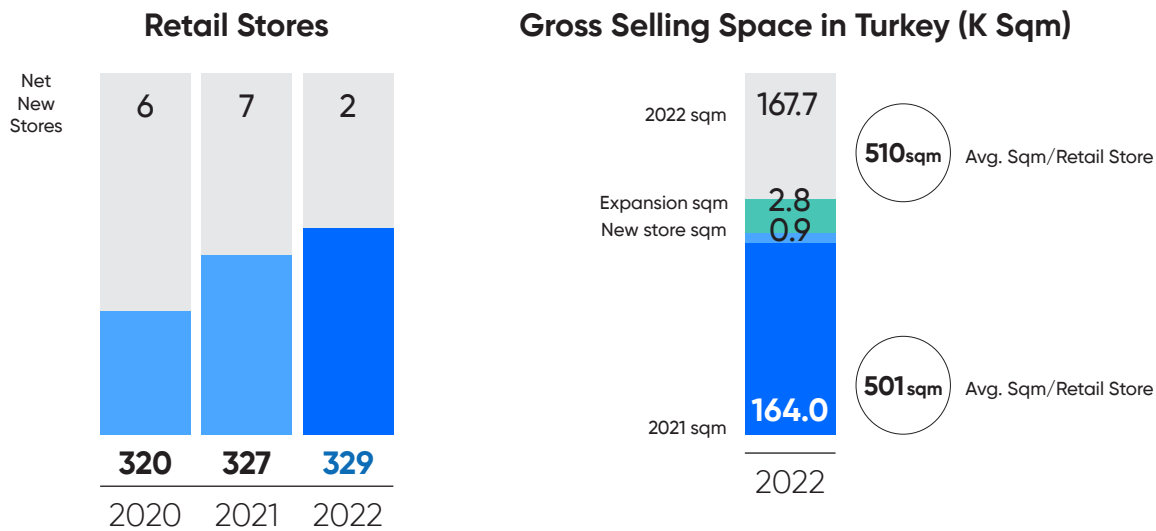
3.5 MULTI-CHANNEL EXECUTION WITH RETAIL, INTERNATIONAL MARKETS AND ONLINE

Sustainable and Efficient Growth in Turkey

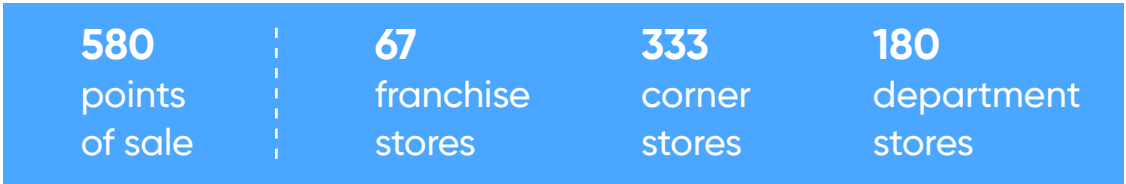
Mavi's sales operations in Turkey consist of 76% retail, 15% wholesale, and 9% e-commerce.



Expanding Retail and New Stores



Complementary Wholesale Growth and Growing Multi-Channel Execution

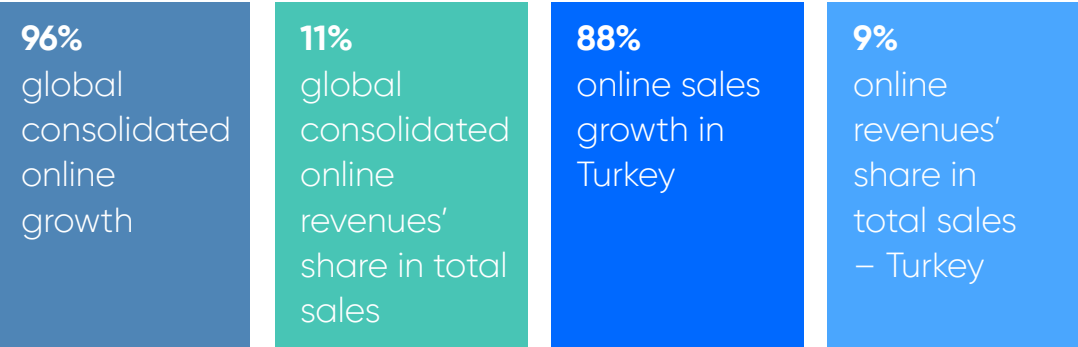


Investing in Online Platform and Growth Strategy

Online shopping, which saw a significant surge during the pandemic, maintained its growth trend in 2022. Meanwhile, Mavi's revenues in owned e-commerce channels (including mavi.com and marketplaces), which promise strong growth potential in global markets and in Turkey, increased by 96%. Mavi's owned mavi.com e-commerce site in Turkey, the US, Canada, Germany and Russia as well as marketplaces accounted for 11% of total sales. With wholesale online channels included, the online revenues' share in total sales reached 12.8%. In addition to achieving growth, Mavi also continued to steadily enhance the online infrastructure and made further investments to create an even better user experience.

In 2022, mavi.com Turkey grew by 88% year-on-year and accounted for 9% of Turkish revenues together with direct marketplace sales to the customers. The number of active mobile app users rose to 3.7 million, with sales via the app representing 50% of the online channels. The mission of mavi.com, upgraded with a new face in 2022, is to provide a more dynamic and convenient shopping experience with more variety for the customers.

Once migration to the SAP system was completed, the omnichannel applications planned for a more digital future gained momentum. Omnichannel CRM approach enables the campaign and loyalty processes via the cash registers, mavi.com, Mavi App and all future channels to be monitored holistically. Additionally, the digital sales channels were enhanced, allowing the store inventories to be sold on mavi.com and the stores to perform online transactions. Mavi launched a "return collection service" to improve the customer experience when returning items and introduced a "2-hour delivery" option in addition to "same day delivery" to shorten delivery times, becoming one of the first brands in the industry to offer such a service. Mavi also started to sell the gift cards, previously available only in the stores, online with the option to purchase physical and digital gift cards on mavi.com.



International Growth and Profitability

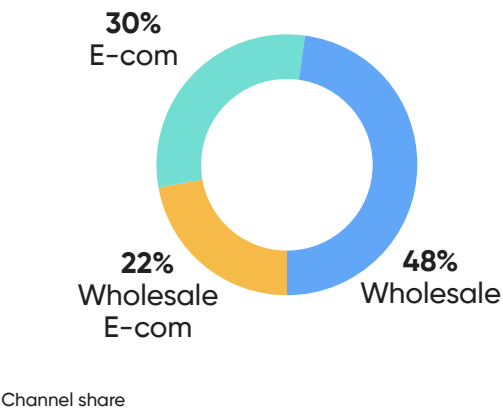
Mavi's international operations are focused on the United States, Canada, European countries, with Germany as base, and Russia. The global distribution network spanning 36 countries consists of 63 mono-brand stores, 3,500 doors and mavi.com as well as wholesale and e-commerce partners, including the likes of Bloomingdale's, Nordstrom, Zappos.com, Amazon, Simons, David Jones, and Zalando.com.

Other than the four main international markets, Mavi operates in the neighboring regions and has 24 mono-brand and 23 multi-brand franchise stores in 21 countries. The operations in these countries, mainly in the Middle East, North Africa, Balkan and Caucasus countries, are managed as wholesale channels completely from the Istanbul head office.



*Wholesale included

USA Operation



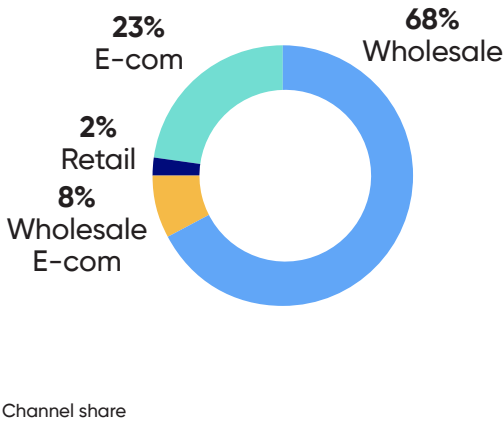
~1.150
wholesale
multi-brand
doors

Wholesale:
**Nordstrom,
Bloomingdale's,
Von Maur,
Patrick James,
Tom James,
Scheels**

Online wholesale
partners:
**Stitchfix,
Amazon,
Zappos,
Nordstrom**

America **mavi.com,**
34heritage.com

Europe Operation



Mono-brand
retail stores: **1**

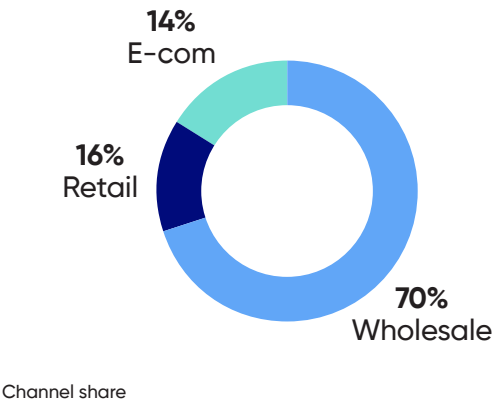
~800
wholesale
multi-brand
doors

Wholesale:
**About You,
Amazon, Otto,
Zalando**

Online wholesale
partners:
**Karstadt
& Kaufhof,
Modemark Röther,
Breuninger,
Beutin, Sinn
Leffers, Maratex,
Retail Active,
Wöhr, Kleider
Bauer, Baltz,
Hold, Peek &
Cloppenburg**

Germany
mavi.com

Canada Operation



Mono-brand
retail stores: **4**

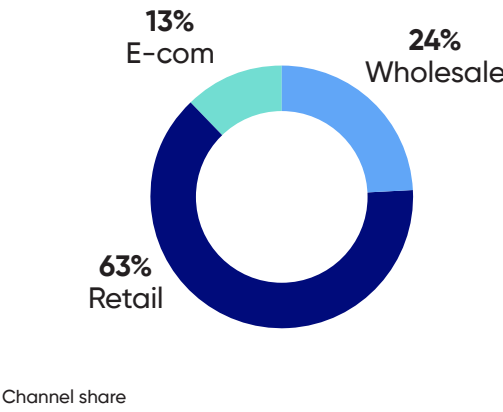
~900
wholesale
multi-brand
doors

Wholesale:
**Nordstrom,
Harry Rosen,
Simons, Ernest,
Mark's**

Online wholesale
partners:
Simons, Mark's

Canada
mavi.com
and
34heritage.com

Russia Operation



Mono-brand
retail stores: **17**

Franchise retail
stores: **17**

150 wholesale
multi-brand
doors

3.6 BRAND PRIORITIES AND CORNERSTONES OF THE FUTURE

Keeping Mavi's mission alive as a priority across all channels and experiences.

Creating value with a strong and trusted jean-centric casual lifestyle brand identity.

Highlighting brand's positive values as a jean-centric lifestyle brand where people love to shop and where people love to work.

Designing and developing the right and responsible products with the highest quality and Mavi's perfect fit philosophy.

Driven by a passion for creating a genuine experience across all touchpoints for Mavi customers of all ages and styles.

BRAND AND PRODUCT INNOVATIONS

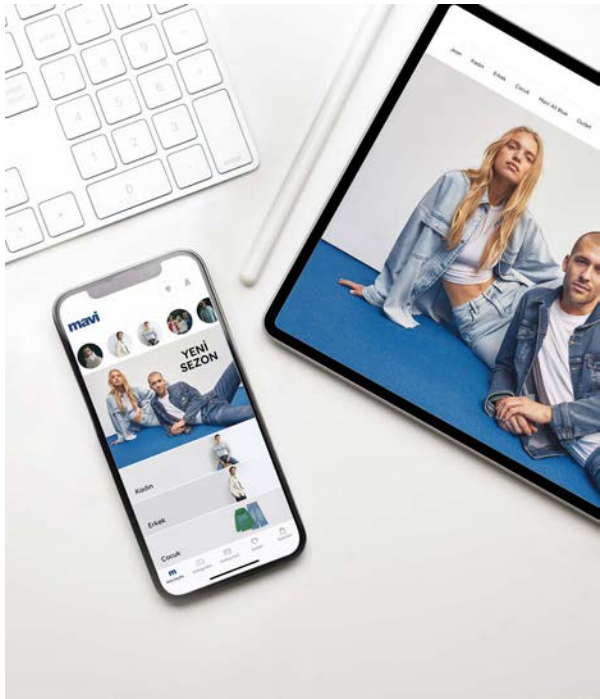
- Mavi continued to gain market share and new customers while increasing frequency by focusing on different customer segments with fresh products.
- In line with the right quality, right product and right pricing strategy, customer demand was closely monitored.
- Brand positioning was elevated with premium product segments and aspirational marketing: Mavi Black Pro, Mavi Icon, Mavi Pro Sport Repreve®.
- Casual lifestyle expanded with activewear, sporty, logo and sweatshirt collections.
- Strong customer engagement captured through celebrity campaigns and influencers.
- Collaborative collections with brands and designers were effective in acquiring new and young customers and driving traffic.



GROWING RETAIL

- New retail concepts (1000 m2) were developed to improve shopping experience and grow customer frequency and conversion.
- The physical store experience was enhanced to feature Mavi's growing lifestyle categories.
- Product availability was improved to increase conversion and stock-turn rates by analyzing store clusters.
- A customer experience project was initiated to address touchpoints with new and loyal customers and lifecycles as a whole.

BRAND PRIORITIES AND CORNERSTONES OF THE FUTURE



ONLINE INVESTMENTS

- A multi-team omni-channel project was launched.
- Shared inventory availability across warehouse and stores, 2-hour doorstep delivery offered in three major cities.
- Online shopping experience enhanced with AI-based customer review analysis tools.
- New marketplaces were integrated into the ecosystem to increase customer reach.
- International platforms were localized to meet specific market needs by analyzing different markets.



ALL BLUE. ALL BETTER. FOR ALL.

- Global All Blue strategy continued to drive sustainable growth.
- All Blue products increased with product innovations in the denim and non-denim groups.
- Responsible supply chain management remained a key focus area of sustainability.
- Mavi became the first and only Turkish apparel brand to make the CDP's Climate Change A List.
- Mavi's emission reduction targets were approved by the Science-Based Targets initiative.
- Mavi was included in BIST 25 Sustainability Index.
- Mavi won the "Best Sustainable Collection" category for the fifth time at the Rivet x Project Awards.



TOWARD A MORE DIGITAL FUTURE

- Digitalization and CRM investments were positioned at the core of the company strategy.
- AI-driven analysis tools were developed to understand and respond to customer and market expectations.
- Data analytics investments were accelerated to increase process efficiency.
- After Turkey, the SAP transformation was also completed in the US and Canada offices.



PEOPLE-ORIENTED CULTURE

- In line with the diversity & inclusivity commitment, gender equality training programs started.
- Mavi joined the UN Target Gender Equality Program.
- Mavi supported social projects empowering women and youth.
- Mavi NextGen initiative was launched to train future leaders.
- Women accounted for 58% of the total workforce, 52% of managers and 60% of senior executives.

MARKETING COMMUNICATIONS 2022 – COLLABORATIVE COLLECTIONS WITH BRANDS AND DESIGNERS



SERENAY X MAVI ICON PARTY – SS22

- Serenay X Blue Icon Party collection, designed with inspiration from the 80s spirit, themes and music, appealed especially to the trendy Mavi woman seeking bold styles.
- The Collection was effective in increasing the brand's share in the womenswear market.



DIRECT MESSAGE X MAVI – SS22

- In its second season, this collaborative collection continued to offer designs appealing to the young & adult fashion savvy consumer at a premium price point.
- With an engaging launch event and effective influencer communications, the beachwear collection won over the women seeking iconic fashion pieces, bringing excitement to the accessory category and accelerating the acquisition of new customers.



FREEDOM OF SPACE X MAVI – SS22

- Mavi and Freedom of Space teamed up to reinterpret the cult looks of the 90s street culture for the next generation.
- Taking action today for the future, the patchwork sweatshirts designed with discarded denim pieces emphasized the sustainability vision of both brands.
- The dynamic and innovative attitude of the collection was reflected in the communications with special executions on digital platforms.
- This collaborative collection appealed to young men and women under 24 with high purchasing power.



WEARABLE ART BY ESRA GÜLMEN X MAVI – SS22

- Esra Gülmen, who embraces an artistic approach that fuses typography and illustration to address everyday problems and concepts in a simple yet striking manner, collaborated with Mavi to bring her nature-themed designs to a sustainable eco-friendly collection.
- Earth-inspired motifs came to life in the Esra Gülmen X Mavi collection with the themes "Waves, Mountains, Trees, Rivers," referencing nature and the climate crisis.
- The denim pieces in the Esra Gülmen X Mavi collection, which also pays tribute to jeans, are made sustainably, using production methods that consume less water and energy and designed with vegan and recycled labels.

MARKETING COMMUNICATIONS 2022 – DESIGNER COLLABORATIONS AND EXCLUSIVE COLLECTIONS



MAVİ HEMP DENIM – FW22

- Mavi believes that the best jeans are sustainable jeans and continues to transform denim with unique innovative ideas and the power of technology.
- The new styles in the Mavi Hemp Denim Collection are made with hemp fibers that consume minimum water and are set to revolutionize the future of sustainable fashion.
- With pieces for men and women, the collection, which consumes less water and less energy during production, features hemp along with recycled cotton, seams and trims, and bio-based nutshell buttons.
- Mavi won the “Best Sustainable Collection” category for its Hemp collection at the Rivet x Project Awards. Made with Comfort technology, the collection is not only sustainable but also super soft and gentle, appealing especially to consumers seeking comfort and softness. The Mavi Hemp campaign, featuring Kivanç Tatlıtuğ, highlighted premium denim on denim trend for men.



MAVİ LOGO

- Since their introduction, Mavi logo t-shirts and sweatshirts have always been a wardrobe essential for consumers of all ages and styles, driving sales growth in sweatshirts for men and women.
- Supported by the customers’ brand love and sense of belonging, Mavi Logo pieces have come to unite people around friendship and love. With different logo and color options, the styles became one of the most popular fashion trends on TikTok and Instagram.



EXCLUSIVE ACTIVEWEAR COLLECTION – FW22

- With the consumer habits evolving into more relaxed and casual styles in the post-pandemic era, activewear and loungewear are on the rise.
- In response to this change in consumer habits, the brand introduced an activewear range, featuring casual styles along with products for yoga, pilates and the gym.
- Athleisure, with flexibility and fabric technology, and Sport Lux, with comfort and convenience, were the most popular product groups.



EXCLUSIVE MV91 COLLECTION FW22 – 90S’ MAVİ

- The Mavi design team created the MV91 capsule collection with the narrative “90s Mavi for today”. Mavi’s young consumer found the street, 90s and cool fits they knew from the Les Benjamins and Freedom of Space collaborations in the MV91 Collection.
- The brand partnered with influencers, who represent the early and late 90s styles, for the communication activities.



MAVİ PROTECH – FW22

- With a strong outerwear offering for men and women every season, Mavi introduced Pro Tech, Pro Tech Explorer, Premium and Premium Tech coats and parkas, with high performance and functional, colorful, striking details and accessories.
- Some of the products, made with technical fabrics, came with Water Repellent properties while some featured PrimaLoft, an all-vegan and ecofriendly, breathable and no-sweat filling material that offers warmth equivalent to down filling.
- The Collection was effective in acquiring young customers and increasing market share.

MARKETING COMMUNICATIONS 2022 – AD CAMPAIGNS



BRAND NEW MAVİ PRO WITH KIVANÇ – SS22

- As the leader of the casual lifestyle category in Turkey, Mavi wanted to drive its growth in menswear by embracing this look and color. In the commercial featuring Kivanç Tatlıtuğ, the Mavi Pro collection, offering innovative high-performance jeans and oversized t-shirts and sweatshirts with modern street touches, was highlighted.
- The iconic M logo, the most striking feature of the Mavi Pro line, became the symbol of urban fashion with updated and youthful forms, contrast prints, bright graphics and digital prints, pushing the brand ahead of the competition.



"WE ARE BEAUTIFUL WHEN WE ARE TOGETHER" WITH SERENAY – FW22

- Mavi has touched the lives of millions of women with its jeans since the 90s. The brand celebrated the special bond it has built with women over the years with a new campaign, "Together, We Are So Beautiful," featuring Serenay Sarıkaya. Mavi designs its jeans drawing from the belief that each woman is unique, regardless of her age, body type, clothing, and lifestyle. This passion is expressed in the campaign film with the song "Birlikte çok güzeliz, sadece sevgimize benzeriz" written by Kalben.
- The campaign film featured Serenay Sarıkaya, Mavi's brand face for many years, İpek Bilgin, the esteemed actor who has always impressed with her inimitable style and talent, and special women from all walks of life, who came together to keep this beautiful spirit alive with their energy.
- The film's cast and crew, along with the director, producer, cinematographer, and art director, included many talented women.
- Mavi also transformed its message of being 'beautiful together when we are together' into an action by giving women a chance to touch more lives and make other women happy. As part of this movement, Mavi partnered with Needs Map and gifted Mavi jeans to female university students across Turkey.
- The "Together, We Are So Beautiful" movement spread to wider audiences through an effective TikTok project design around the campaign.

MARKETING COMMUNICATIONS 2022 – AD CAMPAIGNS



MAVİ PREMIUM BLACK WITH KIVANÇ – FW22

- Mavi continued to be the favorite jeans of men with the innovative touches, innovation and design perspective brought to denim. In addition to premium jeans, a new Mavi Black collection was launched with pieces offering head-to-toe premium looks and style.
- Mavi Black was launched with a TV ad campaign featuring Kivanç Tatlıtuğ, highlighting the brand's denim passion and premium positioning in the market.



SERENAY X MAVİ ICON – FW22

- The FW22 Serenay X Mavi Icon collection, designed with inspiration from Serenay's iconic style and energy, revisited the minimal spirit of the 90s with a feminine attitude, touching women with strong stories in their wardrobes.
- The collection, shaped with the simplicity and power of monochromatic styles, highlighted the self-confident attitude of the modern woman, standing out with a unique fashion look and offering timeless pieces.

Mavi App.

Take your Mavi store anywhere!



Download and start shopping now.



Customer Loyalty Program: Kartuş

Customer data and product strategy are at the core of the brand's communication activities, supported by the loyalty program (Kartuş) of 8.4m members. The Kartuş loyalty program, with approximately 5.7m members active for the last two years, is a card and mobile app, with ~3.7m downloads and used extensively in retail transactions in Turkey.

Customer data derived largely from Mavi's best-in-class loyalty program (Kartuş) since 2007 is at the core of the brand strategy. The loyalty card/program is used widely in shopping and accounts for 77% of retail revenues, serving as an exceptional tool to provide the marketing team with data and a deep understanding about Mavi customers.

Mavi makes effective use of CRM data to develop opportunities and advantages that respond to customer expectations and needs, and runs personalized campaigns and communications to drive customer frequency, basket size and lifetime value. A complete 360-degree view of customer data, including shopping data derived from all channels, is key to the success of these CRM applications.

Mavi continues to deepen its CRM-driven strategy with new marketing automation, advanced data analytics and sophisticated campaign management projects. The technical and process enhancements in CRM applications lend to a sustainable and continuously learning system. With all these efforts, Mavi aims to design its marketing communications with a personalized approach throughout the customer lifecycle and to improve the customer experience across all touchpoints.

Effective CRM analyses guide brand and product strategy. Mavi leverages customer insights and technology to create innovative products. CRM data offers significant advantage in the new product development process by analyzing customer profiles and matching products to identify potential areas.

8.4m
loyalty card members
77%
of the retail revenue

~5.7m
active
members

~3.7m
mobile app
downloads

1m
new Kartuş loyalty
card members
in 2022

Rapid Growth with Young Generation

~48%
of customers
under 35

~70%
of new
customers
under 35

AWARDS



123rd among Turkey's largest 500 enterprises and 2nd among apparel, underwear and sportswear brands in the "Fortune 500" survey.



Hands down the most preferred denim brand of all generations according to Marketing Türkiye's "Apparel Brand Choices by Generations" survey.



Among the top brands admired for its store experience and website/mobile app and driving sustainable fashion according to Marketing Türkiye's "Brands Driving Fashion" survey.



Turkey's iconic apparel brand according to Turkey Reputation Academy survey.



5th in Ekonomist magazine's "Franchise 100" survey.



Leading denim brand with 20% market share in the 14+ segment, ranking among the top 3 women's and men's apparel brands in Turkey according to IPSOS data.



Top brand in consumers' apparel loyalty according to Marketing Türkiye's "Loyalty Brands of Turkey" survey.



"Mavi Transformation" campaign is the winner of Bronze Effie in the Fashion - Textiles - Accessories category at the Effie Awards, one of the most prestigious awards of the advertising world.



2nd most admired company in the textiles industry according to Capital's "Most Admired Companies" survey.



45th in Turkishtime magazine's "R&D 250" survey on top R&D spenders.



Winner of the "Best Sustainable Collection" category for the All Blue collection at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, marking its 5th title.



Gold medal in the casualwear category in Social Brands Data Analytics at the Brandverse Social Media Awards (SMAT)



Mavi Pro Sport Repreve collection won the Special Recognition Award at "Unifi Repreve Champions of Sustainability".



Among the top apparel brands that make consumers happy according to Marketing Türkiye's "Turkey's Happiness Brands" survey.



1st in the retail & textiles category in Toptalent.co's "TOP100 Talent Program".



Leader of the apparel industry in Fast Company's "Customer Experience" survey.



"Most Active Use of Automation in the Customer Journey" award at the Insider's "LIFTAWARDS22" gala.



Mavi Hemp Denim recognized with the "Climate Friendly Collection" award at the Elle Green Awards X Aveda event.



Innovation leader of the apparel industry in Platin's "Global 100" survey.



Kıvanç Tatlıtuğ named "Most Admired Brand Face" with the Mavi commercial in AYD's "Number One Brands" survey.

Mavi is the first and only Turkish apparel brand to make the Climate Change A List 2022, earning a score of "A" from CDP.



mavi

* CDP (Carbon Disclosure Project)

04 MAVI'S SUSTAINABILITY EVOLUTION

- 4.1 Strategy: Mavi All Blue. All Better. For All.
- 4.2 Sustainability Goals
- 4.3 Sustainability Management
- 4.4 Material Sustainability Issues
- 4.5 People–Better.Empower
- 4.6 Planet–Better.Protect
- 4.7 Denim–Better.Transform
- 4.8 Community–Better.Mobilize
- 4.9 Sustainability Journey
- 4.10 Performance Indicators, GRI Index and Tables

ABOUT THE SUSTAINABILITY SECTION

The Sustainability Section included in the 2022 Annual Report of Mavi is based on the sustainability performance of Mavi Giyim Sanayi ve Ticaret A.Ş. in the fiscal year from February 1, 2022 to January 31, 2023. This section provides information on the company's environmental, social, and governance activities based on Mavi's sustainability strategy "**All Blue. All Better. For All.**" and the progress achieved in these areas. The 2022 Annual Report of Mavi is published on 4th of April, 2022.

This section has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. In addition to providing details about the company's contribution to the United Nations Sustainable Development Goals (SDGs), this section also includes information on activities carried out in line with UN Global Compact (UNGC) and Women's Empowerment Principles (WEPs), both of which Mavi is a signatory.

For all your questions, comments, and suggestions related to this section, please contact us at: sustainability@mavi.com.

**All Blue.
All Better.
For All.**

**mavi
all blue**





MAVI'S SUSTAINABILITY EVOLUTION

As Turkey's leading jeans and apparel brand, Mavi has accelerated its sustainability efforts starting from 2020 to drive its vision of industry leadership to encompass sustainability. Grounded in strategic priorities, Mavi's sustainability strategy has been developed to respond to the global trends that guide the textiles industry and to contribute to the United Nations Sustainable Development Goals (SDGs). The company's **All Blue. All Better. For All.** sustainability strategy defines the areas where Mavi creates value and its related goals.



4.1 MAVI ALL BLUE. ALL BETTER. FOR ALL.

The company believes that a better world is possible with a better Mavi. On the journey toward achieving the best, Mavi quality remains at the heart of all the activities. Empowered by every individual touched in the process, particularly its employees, Mavi recognizes that every step and action taken will bring about massive transformations, and it will continue to explore and innovate for a brighter future.

Mavi cares about today and takes action for tomorrow now.

The company grows with people who inspire each other and share similar aspirations. A better Mavi means All Blue. All Better. For All.

All Blue.
All Better.
For All.

As part of its sustainability strategy and driven by its core values focused on people, planet, denim, and community, Mavi will:

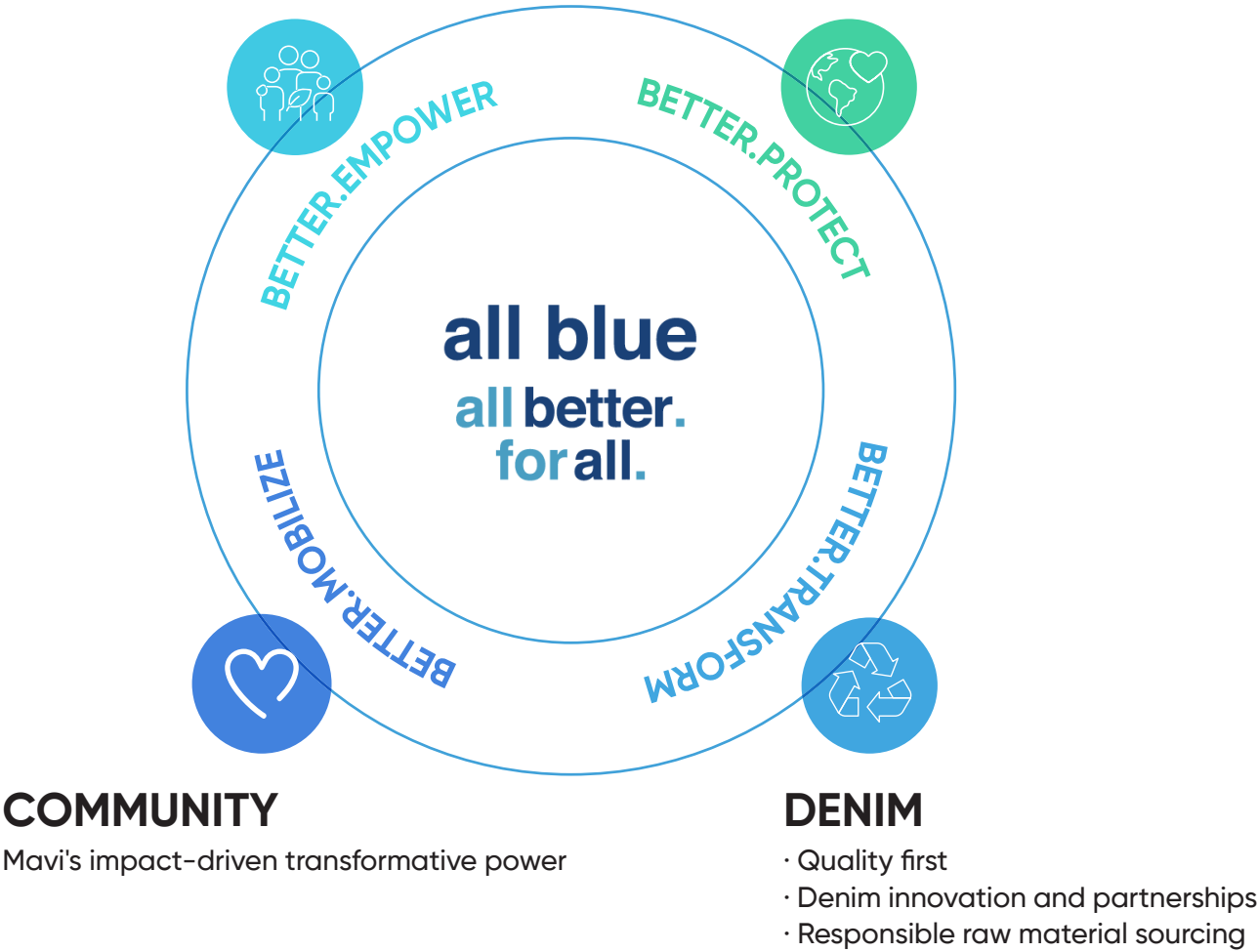
Better.Empower, Better.Protect, Better.Transform and Better.Mobilize.

PEOPLE

- People-oriented Mavi culture
- Inclusive business model and responsible value chain

PLANET

- Tackling climate crisis
- Ecosystem restoration



BETTER. EMPOWER

Driven by the people-oriented Mavi culture, transformation for a better future starts with the value chain. Mavi fulfills its responsibility for providing fair living and working conditions for its employees, suppliers and business partners. Empowered by its employees and suppliers who share its responsibilities on the journey toward achieving the best, Mavi also supports their development.

PEOPLE-ORIENTED MAVI CULTURE:

Mavi's work culture is focused on people. In the company culture, Mavi upholds human rights, respects the diversity and differences of its employees, and promotes gender equality. Accordingly, practices are implemented to support the professional development of the employees across their career journey at Mavi.

INCLUSIVE BUSINESS MODEL AND RESPONSIBLE VALUE CHAIN:

Mavi develops practices for an equitable, accessible and inclusive business model to make sure its products and services are accessible to all. Ensuring that environmental, social and governance principles and standards are applied across the value chain is important to Mavi. Therefore, the company has adopted an inclusive business model that aims to improve sustainability performances of all suppliers and support their development. The company conducts supplier audits to achieve full traceability and conformity with applicable standards across the entire supply chain.





BETTER. PROTECT

As a denim-centric brand, Mavi regards the protection and restoration of what nature offers as a fundamental responsibility. Accordingly, Mavi promotes a net-zero business model by tackling the climate crisis to protect natural resources and restore the ecosystem.

TACKLING CLIMATE CRISIS:

The textile industry is responsible for generating significant amounts of greenhouse gas emissions across the value chain, from cotton grown in the fields to the end products purchased by the consumers. Mavi focuses on reducing its carbon footprint along the entire value chain to tackle the global climate crisis. For this purpose, the company brings its suppliers into the process and encourages them to reduce their environmental impact caused by production. In addition to designing collections with innovative and sustainable materials, Mavi also aims to gradually increase the share of these products in its sales revenues. As more investment is made in sourcing renewable energy, Mavi continues to launch pioneering projects such as energy efficient eco-stores to pave the way for the industry.

ECOSYSTEM RESTORATION:

Mitigating the intense stress on nature and restoring the frail ecosystem are among key priorities for Mavi. Therefore, the company focuses on areas such as effective use of water resources, controlled use of chemicals, packaging and waste management, and biodiversity across the supply chain. Accordingly, Mavi encourages making sustainable products that require less water and recycling water in production processes. To protect the health of manufacturers and consumers, and minimize environmental impact, Mavi strives to reduce the consumption of chemicals and comply with the Zero Discharge of Hazardous Chemicals (ZDHC) criteria. Furthermore, the company aims to use only FSC-certified (Forest Stewardship Council) packaging, making sure that all packaging materials are recycled. Adopting the circular economy approach to waste management, the company works to reintroduce the scraps and other excess materials back into the system. Mavi also develops and launches projects to raise social awareness about protecting biodiversity.

BETTER. TRANSFORM



Mavi transforms denim with unique, innovative ideas and the power of technology. The customers are included in the sustainability evolution process with quality and sustainable products to change their consumption habits. Mavi aims to inspire the industry by embracing the circular economy model and by developing innovative products with low environmental impact. This approach is supported by innovative partnerships to shape the future of sustainable fashion. With responsible raw material sourcing and production, the company spreads this transformation to every aspect of the value chain, from the farmer to the end consumer.

QUALITY FIRST:

Since the very beginning, Mavi has continued to meet customer expectations with the right price-quality balance with its Perfect Fit philosophy guiding the company. Taking it one step further, Mavi now aims to make quality and sustainable products accessible to all its customers. As a result, the company helps consumers make better choices with its eco-friendly All Blue collection.

DENIM INNOVATION:

Mavi believes that the best denim is sustainable denim and therefore, continuously invests more in R&D and product development. With the eco-friendly All Blue collection, developed with innovative methods and produced with less water, less chemicals and less energy and made with recycled, upcycled and organic materials, Mavi continues to lead the industry in denim innovation.

INNOVATION PARTNERSHIPS:

Partnerships play a key role in the industry's sustainability transformation and driving innovation. Accordingly, Mavi engages in innovative partnerships with various other brands, designers, and universities to expand its positive impact and inspire the industry.

RESPONSIBLE RAW MATERIAL SOURCING:

Manufacturers are encouraged to make responsible raw material choices and supported toward transforming their production processes. Mavi traces and steadily increases the ratio of sustainable materials (organic, recycled, upcycled and Better Cotton-certified cotton, recycled metal, etc.) in its products.



BETTER. MOBILIZE

Aiming to create shared values in the community, Mavi uses its transformative and mobilizing brand power to achieve better. Therefore, the company particularly focuses on empowering young people and women for social development so that no one is left behind. Customers who choose Mavi and other stakeholders are also included in the mobilization efforts.

MAVİ'S IMPACT-DRIVEN TRANSFORMATIVE POWER:

Mavi intends to mobilize its stakeholders, starting with the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers, employees, suppliers, universities and non-governmental organizations (NGOs) are launched.

4.2 SUSTAINABILITY GOALS



PEOPLE
BETTER.EMPOWER



MAVI'S SUSTAINABILITY TARGETS

Having a fully inclusive and responsible value chain by 2030.

MONITORING TARGETS	PROGRESS IN 2022
Keeping employee satisfaction and engagement scores over 70% every year.	▶ The employee satisfaction survey conducted in 2021 resulted with 80% among store staff and 78% among head office employees. Action plans were created in 2022 to improve employee satisfaction and loyalty. The company will continue to take actions to improve employee satisfaction and loyalty with focus group activities in 2023.
Increasing female manager ratio to 50% and maintaining this balance by 2023.	▶ As of 2022, female employment ratio at Mavi was 58% and female manager ratio was 52%.
Ensuring compliance of all main suppliers and their subcontractors with the Global Purchasing Principles and Supplier Code of Conduct by 2025.	▶ Environmental compliance topics have been added to the Global Purchasing Principles. Environmental and social compliance audits will be conducted to ensure the suppliers' compliance with the principles.
Achieving 100% traceability in the supply chain by 2030.	▶ In addition to social compliance audits, environmental audits have been initiated.

¹ The GHG reduction targets set by Mavi have been approved by the Science-Based Targets initiative (SBTi)
² ZDHC MRSL compliance: Zero Discharge of Hazardous Chemicals-ZDHC Manufacturing Restricted Substances List-MRSL
³ FSC: Forest Stewardship Council



PLANET
BETTER.PROTECT



MAVI'S SUSTAINABILITY TARGETS

Becoming a climate-positive company by 2050.

MONITORING TARGETS	PROGRESS IN 2022
Reduce Scope 1 + 2 GHG emissions by 70% by 2030 (vs. 2019 baseline) ¹ .	▶ Scope 1 + 2 GHG emissions reduced by 75% in 2022 (vs. 2019 baseline).
Reduce Scope 3 GHG emissions from purchased goods and services by 55% per TL added value by 2030 (vs. 2019 baseline) ¹ .	▶ Scope 3 GHG emissions from purchased goods and services were reduced by 66% per TL added value in 2022. (vs 2019).
Become carbon neutral by 2040.	▶ Working on reducing greenhouse gas emissions with long-term carbon neutrality through quality carbon offsetting tools supported by standards.
Continuing to procure 100% renewable electricity for Mavi operations by 2030.	▶ Renewable energy is used at Mavi head office and all street stores (105 stores) with controlled electricity meters. Own solar power plant project in pre-licensing approval process.
Conduct environmental audits at all critical suppliers and wet process sub-manufacturers by 2025.	▶ Environmental audits are conducted in 68% of facilities owned by the critical suppliers and wet process sub-manufacturers in 2022.
Ensure compliance with ZDHC MRSL ² at all strategic suppliers and wet process sub-manufacturers by 2030.	▶ Continuing to work towards targets based on 2022 environmental audit results.
Ensure FSC ³ certification for all label, cardboard and paper packaging materials by 2025.	▶ 47% of the label, cardboard and paper packaging materials procured in 2022 are FSC-certified.



DENIM
BETTER.TRANSFORM



MAVI'S SUSTAINABILITY TARGETS

Ensuring that the whole denim collection consists of sustainable All Blue products by 2030.

MONITORING TARGETS

PROGRESS IN 2022

Sourcing 100% of the cotton used in denim products from sustainable resources ⁴ by 2030.	▶ In 2022, 33% of the cotton used in denim products was procured from sustainable resources.
Increasing the revenues of innovative products in the sustainable All Blue collection by 20% year on year through R&D activities and partnerships.	▶ Target has been achieved by expanding the sustainable All Blue collection with the addition of innovative lines such as Mavi Hemp Denim, Mavi Upcycle, Esra GülmenXMavi and Freedom of SpaceXMavi in 2022.

⁴ Sustainable materials: Organic, recycled, Better Cotton.



COMMUNITY
BETTER.MOBILIZE



MAVI'S SUSTAINABILITY TARGETS

Driving an impact-focused and measurable social change.

MONITORING TARGETS

PROGRESS IN 2022

Keeping the social return of social investment programs at SROI>1 ⁵ levels.	▶ Mavi is in the process of designing its own social investment program to align with the material sustainability topics. Once the program is finalized, SROI analysis will be conducted together with program outputs.
Allocating 1% of EBITDA for social investments from 2025 onward.	▶ Social investment spending in 2022 amounted to TL 2,378,290, which corresponds to 0,10% of EBITDA.
Reaching 1 million people every year through sustainability awareness projects.	▶ With the projects focused on sustainability, women's empowerment, inclusion, innovation and partnerships, circular economy, biodiversity etc., awards received, and all the awareness raising activities, including leadership communication, more than 5 million engagements were achieved in 2022.

⁵ SROI>1: Social return on investment (SROI) higher than investment.

2022 HIGHLIGHTS



BETTER.EMPOWER

58%

Female employment ratio

52%

Female manager ratio

60%

Female executive ratio

64%

Ratio of management positions filled with internal promotions

80%

Local product supply ratio



BETTER.PROTECT

A

CDP Climate Change Program score

SBTi✓

GHG emission targets approved by the Science-Based Targets initiative

68%

Wet process facilities audited for environmental compliance

108

Stores using renewable energy

10%¹

Less water consumption

16%¹

Less energy consumption

80%¹

of products treated with laser and sustainable washing processes



BETTER.TRANSFORM

27%

Share of the sustainable All Blue jeans in total denim sales

14%

Sustainable product's share in total revenues

43

Products with Life Cycle Assessment (LCA) studies

5

Best Sustainable Collection awards



BETTER.MOBILIZE

1 million

Engagements with the "Birlikte Çok Güzel Oluyoruz" campaign

1,000

Female university students supported through the Birlikte Çok Güzel Oluyoruz İyilik Hareketi" project

32

Female university students benefit from the TEV and Koç University Mavi Scholarship Fund

56,500

Hatchlings reached the sea with the Indigo Turtles project

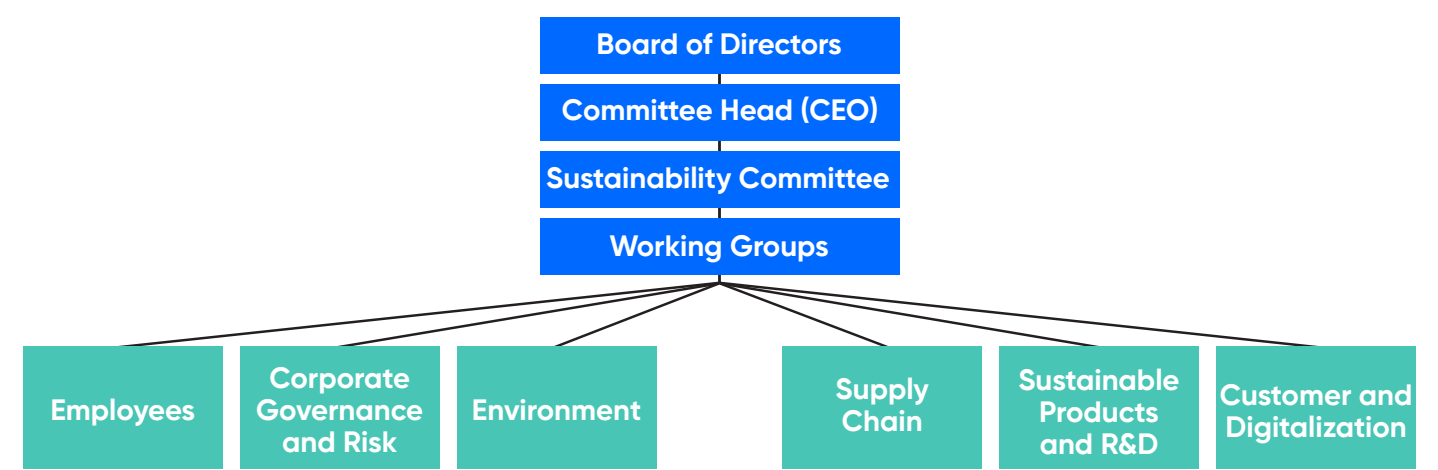
350+

Miav outdoor cat houses placed across Turkey in partnership with Encander

¹ In the manufacturing process with strategic partners Erak and Tayeks, which account for 80% of Mavi's denim production.

4.3 SUSTAINABILITY MANAGEMENT

A Sustainability Committee functions under the Mavi Board of Directors to ensure that sustainability management is carried out in integration with the company’s business strategy and objectives. The Committee, headed by the CEO, has formed working groups – Employees, Corporate Governance and Risk, Environment, Supply Chain, Sustainable Products and R&D, Customer and Digitalization – to report to the leadership team. Over 60 people work in these working groups, each following a roadmap to assist with determining and realizing Mavi’s sustainability goals. Since 2021, these groups have proceeded along their roadmaps, regularly updating their actions in line with the changes in the company’s future plans and global developments.



As a company that aspires to lead the industry’s sustainability transformation, Mavi recognizes the importance of participating in the international sustainability platforms. Accordingly, Mavi has become a signatory of United Nations Global Compact (UNGC), the world’s largest corporate sustainability initiative. With this signature, Mavi has declared its commitment to aligning its strategies, ways of doing business, and operations with the ten UNGC principles on human rights, labor, environment, and anti-corruption. Mavi is also a signatory of the UN Women’s Empowerment Principles (WEPs) and a member of the 30% Club, confirming its concrete support of gender equality. Mavi became the first and only apparel brand from Turkey to be included in the 2022 Climate Change A List, announced by CDP, the world’s largest environmental disclosure platform. Only 283 of the 20 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the A List this year, becoming the climate leaders of 2022.

Mavi also received a score of A in the Supplier Engagement Rating (SER). Marking another first in the Turkish apparel industry, the company has signed the CEO Water Mandate, a UNGC initiative, to support the global effort to find sustainable solutions to the water issue. Furthermore, the company has joined the Climate Ambition Accelerator, a program led by the UNGC, aiming to achieve progress toward setting science-based emission targets. The

emission reduction targets set by the company were verified by the Science-Based Targets Initiative (SBTi) in 2022 and Mavi became the first Turkish apparel brand to make the list of companies taking climate action.

In 2022, Mavi was included in the Borsa Istanbul Sustainability 25 Index in recognition of its sustainability performance. At the time it was included in the Sustainability Index, whose constituents are companies with high corporate sustainability performance and that are traded on Borsa Istanbul, Mavi was the only apparel brand listed in the index.

4.4 MATERIAL SUSTAINABILITY ISSUES

The material sustainability issues have been identified based on a stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard. These analyses involved obtaining the opinions of various internal and external stakeholders, including Mavi employees and franchisees, analysts, investors, financial institutions, business partners, and suppliers. In addition to one-on-one meetings with senior management, focus group studies were used for the franchisees to share their opinions while the other stakeholders were asked to respond to an online questionnaire. The external trends included the global risks published by the World Economic Forum (WEF), the industry-specific material issues prepared by the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals (SDGs), and the priorities of other leading companies in the industry.

Stakeholder Group	Stakeholders	Methods
Direct economic impact	Senior Management Employees Suppliers Franchisees Business Partners Investors Customers	Online surveys One-to-one meetings Focus group study
Indirect economic impact	Analysts Financial Institutions Media NGOs	Online surveys Literature reviews
New opportunity, knowledge, and approach drivers	Universities	Online surveys Literature reviews

In the process, SASB’s materiality analysis methodology, which enables addressing each issue in terms of different impacts and opportunities, was used. As a result of this analysis, the material topics were categorized as medium, high, and very high priority. Then, the sustainability team grouped material topics under 6 working groups and started working on these key areas. Material topics have not changed since 2021.



MATERIALITY MATRIX



Very High Priority














- 1 Water and wastewater
- 2 Customer satisfaction
- 3 R&D and innovation
- 4 Raw material management
- 5 Brand reputation
- 6 Human rights and fair working conditions
- 7 Climate change and energy
- 8 Wastes
- 9 Chemicals management












High Priority

- 10 Digitalization and customer experience
- 11 Talent management
- 12 Supply chain management
- 13 Sustainable products
- 14 Women's empowerment
- 15 Circular economy
- 16 Business ethics
- 17 Risk management

Medium Priority

- 18 Employee loyalty and satisfaction
- 19 Data privacy and security
- 20 Occupational health and safety
- 21 Corporate governance
- 22 Youth empowerment
- 23 Equal opportunity and diversity
- 24 Industry-specific sustainability transformation
- 25 Entrepreneurship
- 26 Biodiversity
- 27 Community investment programs

Importance	Material Topic	Potential Impact	How is it managed?	Related SDG	Place in Strategy and Relevant Section
Very High Priority	Water and wastewater	Water is an essential resource for the textile industry, including denim production. The industry's negative environmental impact is caused mainly by excessive use of water resources in the sector, consumption in areas with water scarcity and contamination of water resources with process outputs. All the industries that rely on water and people whose livelihoods depend on local water resources may be adversely affected by such environmental impact.	Mavi is a signatory of the CEO Water Mandate. Policies regarding water and wastewater are addressed in the Environment and Energy Policy . The products in the All Blue collection are made with processes that use less water in production and in raw materials. Water consumption and related water risks are identified through environmental audits conducted in the supply chain. Recovery and reuse of water is encouraged. Mavi does not work with suppliers that fail to comply with local legislation on water and waste water.	  	Better.Protect – Ecosystem Restoration
	Customer satisfaction	Customer satisfaction has direct impact on Mavi's financial performance. Failure to meet customer expectations may lead to lower financial performance. Responding to the evolving customer needs and expectations provides an important competitive advantage.	Customer expectations are met with the right price-quality balance and after-sales service approach to create the "Happiest Mavi Customers". Mavi's customer satisfaction approach is also defined in the Customer Satisfaction Policy . The company's loyalty program, Kartuş, has been a key focus of the marketing strategy since 2007. With 6 million active customers, the brand acquires more than 1 million new customers every year and continuously improves the customer experience in both offline and online channels.	 	Better.Transform – Quality First
	R&D and innovation	R&D and innovation activities enable development of new products and services with economic, environmental and social benefits and help the company lead the industry with innovative applications.	Mavi engages in effective R&D activities to develop products with high environmental performance that align with fashion trends and meet customer expectations. The sustainable All Blue collection is continuously updated and supported by innovative collaborations. Mavi also monitors the revenues generated by the collection, compares its share in total revenues and works to increase this share.	  	Better.Transform – Denim Innovation
	Raw material management	Raw material management is directly related to Mavi's financial, environmental and social performance. Inefficient raw material use in the supply chain, sourcing raw material with high environmental impact and raw material choices that may cause social injustices are some of the negative impacts whereas managing these processes properly would create competitive advantages.	Mavi's raw material management policies are addressed in the Environment and Energy Policy , Animal Welfare Policy and Forestry and Paper Products Policy . Mavi continuously increases the sustainable material content in its products and packaging. Mavi is a member of Better Cotton and holds Recycled Claim Standard (RCS) and Organic Content Standard (OCS) certifications.	  	Better.Transform – Responsible Raw Material Sourcing
	Brand reputation	Brand reputation is directly related to Mavi's financial performance.	Mavi is a leading denim-centric brand and also ranks among the top four apparel brands in menswear and womenswear. The brand approach driven by the customer, technology and data redefines the customer experience in the age of diverse digital & offline channels and reinforces Mavi's lovemark position and market share.	 	Better.Transform – Quality First Better.Mobilize – Mavi's Impact-driven Transformative Power

Importance	Material Topic	Potential Impact	How is it managed?	Related SDG	Place in Strategy and Relevant Section
Very High Priority	Human rights and fair working conditions	The multi-layered and multi-stakeholder textile industry is highly exposed to risks such as human rights violations and poor working conditions. These risks also come with potential negative social and economic impact.	Mavi provides fair work environments where human rights are respected for the employees in its value chain. Related policies are addressed in the Human Rights Policy , Mavi's People and Its Principles and Supplier Code of Conduct . Social compliance audits are conducted at all new suppliers joining the supply chain and only the suppliers that pass the audits are selected for partnership.	   	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Climate change and energy	Climate change imposes the risk of impacting several stages across Mavi's value chain and may trigger capacity loss in raw material and product sourcing with its chronic and acute physical impact and also lead to price increases. Failure to take the necessary precautions may result in reputation and market share loss. Regulations and laws that will be introduced to address climate risks may also affect Mavi's business model.	Policies, procedures, targets and actions related to climate change are published in detail every year with CDP Climate Change surveys. Mavi reduces its direct emissions by procuring renewable energy and working to improve energy efficiency. The company has also taken action to build its own solar power plant with the pre-licensing process currently ongoing. A raw material sourcing strategy has been developed for the emissions in the purchased goods and services category, which makes up the majority of indirect emissions, and GHG emissions of the suppliers are inquired during the audits.	  	Better.Protect – Tackling Climate Crisis
	Wastes	Failure to manage wastes properly may lead to adverse environmental and economic consequences. Specific to the textile industry, products with short lives and linear production models fuel the waste problem. When waste is seen as a resource, it may be reintroduced to the economy and its impact may be reduced.	Mavi adopts a circular economy approach to managing wastes effectively. The wastes generated during and after production are utilized to develop sustainable products. Mavi also engages in ecosystem collaborations for this purpose. The goal is to increase the content of recycled materials in the products. Mavi holds Recycled Claim Standard (RCS) certification.	 	Better.Protect – Ecosystem Restoration
	Chemicals management	Mismanagement of chemicals in the textile industry may harm the water and water-dependent ecosystems. The use of chemicals may adversely impact product safety and customer satisfaction. On the other hand, chemicals create economic value as they change product properties and differentiate the products.	Mavi requires its suppliers to comply with the applicable wastewater regulations. Mavi also encourages its suppliers to reduce the consumption of chemicals and develop products made without chemicals and with natural raw materials. Mavi aims for all its wet process suppliers to manufacture in accordance with the ZDHC MRSL list. In terms of product safety, quality and safety standards and procedures are applied to ensure safe production.	 	Better.Protect – Ecosystem Restoration Better.Transform – Product Quality and Safety



4.5

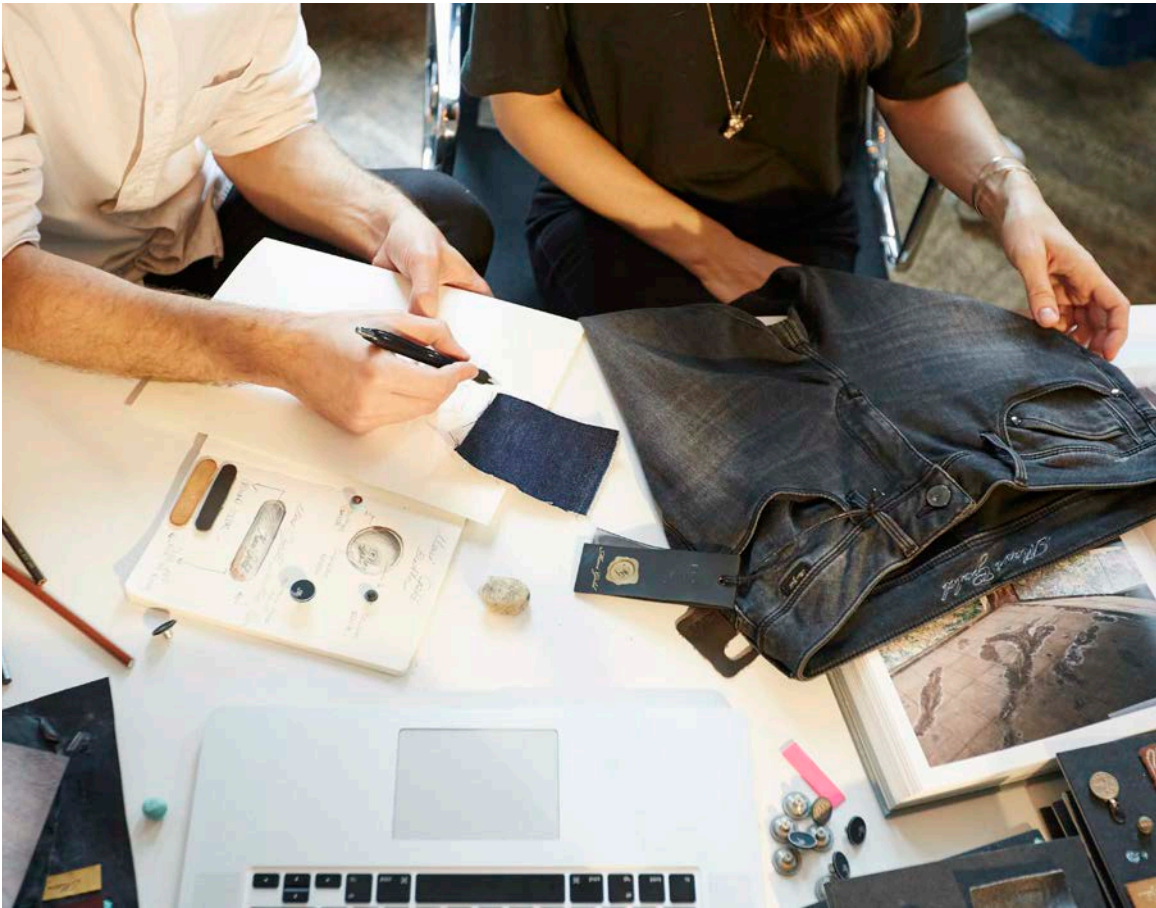
PEOPLE

BETTER.EMPOWER

PEOPLE-ORIENTED MAVI CULTURE

Driven by the people-oriented Mavi culture, transformation for a better future starts in the value chain, and Mavi fulfills its responsibility for providing fair living and working conditions for its employees, suppliers, and business partners. Mavi is empowered by its employees and suppliers who share the company's responsibilities on the journey toward becoming better and to support their development.

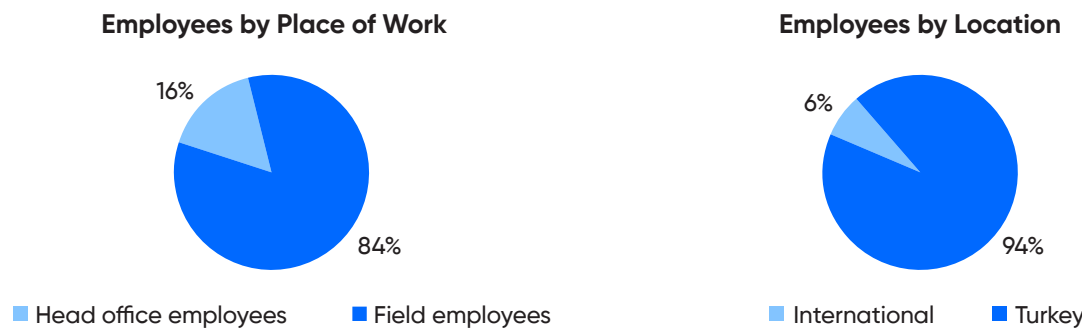
People are at the core of Mavi's work culture. Therefore, the company upholds human rights, respects the differences of its employees, and promotes gender equality in line with Mavi Culture. Furthermore, various practices are introduced to support the employees' professional development throughout their careers at Mavi.



The human resources approach is built on [Mavi's People and Its Principles](#). Mavi provides a work environment where human rights are respected in conformity with the Universal Declaration of Human Rights, United Nations Global Compact (UNGC), UN Convention on the Rights of the Child, International Labor Organization (ILO) conventions, Organization for Economic and Development Cooperation (OECD), Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and applicable laws.

EQUAL OPPORTUNITY AND DIVERSITY

Of the entire 5,670-strong workforce, 94% is located in Turkey and 6% in the other markets of operation. Head office employees account for 16% of the total human resource and the field employees for 84%. Mavi offers employment opportunities to the youth and taps into the country's young and dynamic workforce potential. At Mavi, the average employee age is 26, with 80% under 30.



Mavi provides a work environment where each individual is respected and inclusive practices are implemented. Therefore, cultural diversity and equal opportunity are promoted. In all human resources processes, including recruitment, training and development, performance and talent management, career management, and remuneration, Mavi acts without any discrimination against gender, race, skin color, religious belief, spiritual or political ideology, ethnicity, economic status, sexual orientation, health condition, disability, age, or physical appearance, and all employees are treated equally in line with the [Diversity and Inclusion Policy](#).

Mavi extends its equality approach to the career development and remuneration of all the employees, with performance being the only factor to affect differences in remuneration. Base salaries and compensation packages are reviewed regularly to ensure remuneration is not gender biased. Accordingly, the gender wage ratio in 2022 was 3% in favor of women among store employees and 6% among the head office employees (excluding the CEO).

Gender Equality

As part of its sustainability efforts, Mavi has focused on women's empowerment and become a signatory of the United Nations Women's Empowerment Principles (WEPs) in early 2021. Mavi has also joined the 30% Club, a global platform that takes action to increase gender diversity at board and senior management levels. Mavi promotes the active participation of men in addressing all kinds of challenges and biases that cause gender-based discrimination. To serve this purpose, Mavi is a member of the Yanındayız Association, whose mission is to contribute to the transformation of social life to achieve gender equality. Participating in

such international platforms is a testament to Mavi's commitment to promoting gender equality across all levels of the organization.

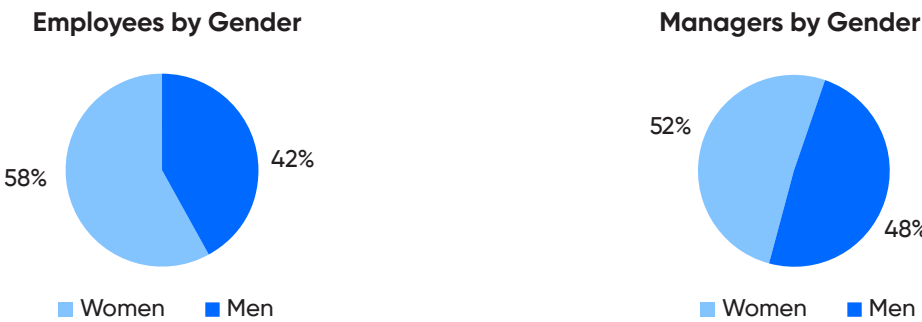
In 2022, Mavi made significant strides towards achieving a balanced male/female employment ratio. Women constituted 58% of the total workforce and approximately 52% of the managers. At the head office, they accounted for 60% of the employees and 56% of the managers. In terms of store recruitment, women accounted for 59% of all hires, while men made up the remaining 41%. The female manager ratio also increased to 50%. For Turkey operations, women comprised 69% of new hires. As part of Mavi's Career Management Procedure, 58% of the employees promoted to Maviolog status were women. The job description of a Maviolog includes enhancing product knowledge, ensuring customers leave with the right products and combinations, and creating an excellent shopping experience. At the head office, 58% of the employees promoted to upper positions were women.

Gender Equality Training

Mavi recognizes the importance of organizing awareness raising, training and development activities in terms of promoting a culture of diversity and inclusion. In 2022, the company began to offer "Gender Equality Workshops" in collaboration with Ebru Nihan Celkan, a project consultant and trainer known for her work on spreading gender equality awareness. The workshops, which started with the C-suite and directors, will be extended to all head office and field employees in 2023 according to plan.

UN Target Gender Equality Program

In 2022, Mavi joined the "Target Gender Equality" program, organized by UN Global Compact to help companies measure their gender equality performance. Mavi sustainability and HR teams regularly attend the programs and workshops where development areas are identified after performance measurements and develop multi-stakeholder dialogues.





Women-Friendly Practices at Mavi

As a leader in female employment in the retail sector, Mavi applies its equality approach across the organization and continues to introduce women-friendly practices that strengthen the narrative, "Women are the secret power of Mavi."

To encourage women's participation in the workforce and help them achieve work/life balance, all female employees with children in the 1-6 age group are offered daycare support, shuttle, and breakfast. In 2022, 30 women and their children benefited from this support. Furthermore, 91 employees took maternity leave and 88% returned to work later. A "Maternity Support Program," moderated by a psychologist, was created to support women in adapting to work life after maternity leave. Private health insurance, which offers wide coverage and extra child coverage at discounted premiums after birth, is also available for women employees. Annual check-up is an added benefit offered to women aged 40 and over. The nursing rooms for female employees who return to work after maternity leave to spend their nursing time in the early period of motherhood were recently renovated to provide a private, calm and comfortable space. Furthermore, parenting seminars are organized to help mothers and fathers improve in their roles as parents.

Mavi runs both internal and also external social investment projects to promote gender equality. With the Mavi Scholarship Fund, granted in partnership with Turkish Education Foundation (TEV) since 2014, Mavi supports female university students throughout their higher education.

Celebrating Women's Day

Every year, Mavi marks March 8 with engaging campaigns, starting within the company. In 2022, Mavi launched the "I Celebrate My Women's Day" campaign, reminding women that they should start celebrating the day by honoring themselves first. The movement, which was started by Mavi employees who believe that celebrating their own success, worth and values will make the world even better, quickly spread, with the brand face Serenay Sarıkaya and followers posting their own selfies.

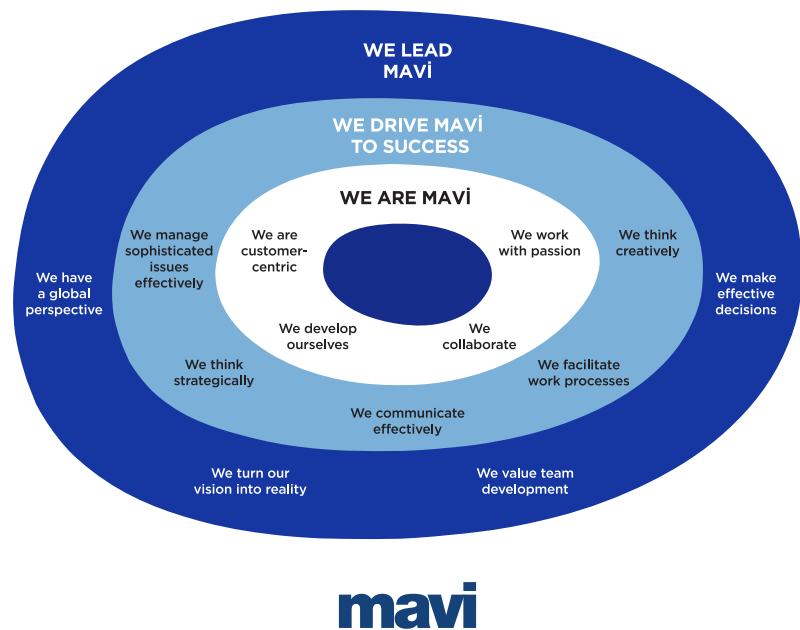
TALENT MANAGEMENT

Mavi strives to attract and hire the talent required for sustainable corporate success. The company also aims to tap into the talent within the organization, help them unlock their potential, retain them and train the leaders of the future.

The Human Resources Policy and Practices are designed to support Mavi’s strategic goals and the performance needed for sustainable growth. All the investment made in human resources aims to reinforce Mavi’s objective to become the employer of choice. Mavi’s most important asset is its human resource. Therefore, ensuring that the employees work with high effectiveness and efficiency and creating ultimate satisfaction, loyalty and motivation are among the key corporate objectives.

As part of talent management, the Mavi Competency Model defines the competencies and skills that each employee needs to have and the path they should follow to succeed in the growing and developing Mavi world. This model also defines the personality and behavioral traits that the employees need to display to become the leaders that will support the company’s vision. In 2022, a project was executed with the consulting firm Korn Ferry to renew the competency model. Once the project was completed, the core skills at the heart of the people-oriented Mavi culture and the competencies to drive Mavi employees forward were updated with the contributions of Mavi leaders and working groups with members from different functions.

The renewed Mavi Competency Model was introduced with a launch event in December. Following the launch, Competency Model Workshops were organized to enable the employees to become familiarized with the competencies and to transform them into behavior. Human Resources practices and how to leverage competencies as a talent management tool were also shared during the workshops.



Attracting and Retaining Talent

Mavi aims to acquire young talent through an effectively planned talent attraction and recruitment process. For this purpose, the company works in close cooperation with universities and student bodies and organizes a range of effective activities such as projects, internships, interview simulations and case studies. As part of these activities, Mavi participates in career day events on digital platforms, which bring together university students from various provinces across Turkey. Taking part in these platforms allows Mavi to communicate with the students to advise them about career and job opportunities and introduce the company’s retail units and business practices. In 2022, the company participated in more than 34 events on digital platforms, reaching 100+ universities and more than 6,000 students in Turkey and engaging with over 23,000. The company also provided training programs on interview tips and communication for more than 100 students and held interview simulations with 150 students. As a result of the activities to attract talent, 30 students were offered internships in the summer of 2022 and 4 of these students were later hired as employees.

Mavi’s efforts to attract talent were recognized with first place prize in the Retail & Textile category of the Toptalent Talent Program and fourth place in the “Retail Employer of Choice” category and fifth place in the “Inspirational HR Leader” category at the Youthall Youth Awards.

In 2022, “Mavi NextGen” was launched as a young talent program to train the managers of the future and 37 young professionals joined the Mavi family as part of the management trainee program. The objective of the Mavi NextGen program is to offer seniors from universities and/or new graduates opportunities to experience different functions with rotations and learn about various business models in the retail industry. The plan is to have the participants develop projects on topics such as sustainability, supply chain and human resources at the end of the program and to benefit from these projects as inspiration for Mavi’s vision and business strategy.

The employees’ career development is supported through an internal job application system, which prioritizes in-house applications. All vacancies at Mavi are announced on the intranet, which allows the company to give the employees a chance to move between departments and/or stores and the head office. In 2022, 31 employees changed departments, including 27 store employees who moved to head office roles, and 513 store positions were filled with internal promotions.

Mavi also has an International Assignment Program for employees who intend to continue their careers in another country. With this program, Mavi aims to transfer the essential know-how of the head office employees to different cultures to build a wealth of experience and support their career development in the international arena. Since 2016, 6 employees have benefited from this program and found the opportunity to work for Mavi’s international operations. In 2022, activities were carried out to attract Turkish talent for vacancies in the international offices and 3 people were hired for Mavi’s international operations.

Performance Management

Talent management at Mavi includes a systematic assessment of the employees. Accordingly, a performance management system based on objective criteria is applied in the annual performance assessments to guide career planning. The results obtained through the performance management system are taken into consideration in career planning, identifying development needs and establishing performance-based remuneration processes. As part of the annual performance assessments, all employees receive feedback on their development and career plans. All head office employees go through the performance assessment process once a year. The performance assessment period starts in February with the goal setting process, continues with the check-in process in August to review the targets and ends with the end-of-year assessments in January after the feedback meetings of the managers with their teams. Managers enter the performance assessment scores of their teams into the Mavi Pusula system. The Human Resources department ensures that the performance targets are set according to SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) criteria and the process calendar is monitored.

In 2022, the Mavi Pusula performance system was updated to align Mavi’s sustainability strategy and long-term goals with the priorities and targets of all employees and to ensure that they are embraced. With the update, “Encouraging Progress in Mavi Sustainability Goals” was included among the company’s material issues. This has made monitoring and reporting the department- and topic-specific secondary sustainability goals possible and sustainability goals were integrated into the employee performance system.

As part of career planning, 604 people, including 91 head office employees and 513 store employees (281 sales representatives, 159 Maviolog employees, 58 assistant store managers and 15 deputy managers) were promoted to one higher position. The employee turnover rates were 26% (23% voluntary) at the head office and 90% (77% voluntary) in the stores. In 2022, the ratio of high-performing mid-level and higher managers who resigned was 6%.



Total Compensation

Mavi continuously strives to improve the compensation and benefits offered to encourage the employees’ positive performance and ensure their satisfaction and loyalty.

Total Remuneration and Benefits

Mavi supports its employees with competitive remuneration and benefits that reward high performance. At Mavi, remunerations are aligned with the company’s ethical values, internal balances and strategic goals and the employees are compensated in the highest standards for their performance and the value they create. Mavi aims to ensure that a remuneration policy of similar pay for equal work is applied and individual differences are based on performance. Therefore, different remunerations are not applied for male and female employees. On the other hand, the company regularly monitors the economic conditions to ensure that the employees maintain their positions in the job market and keeps the compensation packages balanced and competitive. Furthermore, Mavi strives to meet the employees’ social needs and raise their working and living standards by offering a variety of fringe benefits, including personnel shuttles, lunch, private health insurance, company vehicle, Kartuş discounts, breakfast, and daycare support, birth and marriage subsidies, etc. Depending on the position and job categories, private health insurance, family benefits and annual check-ups can also be offered. A workplace physician is available to employees at the head office two days a week and a nurse every weekday.

The monthly salaries are determined on the basis of market and/or industry conditions, inflation rates, the employee’s position, tenure in the company, qualifications and individual performance. Base salaries are revised and determined annually following the recommendations of the Corporate Governance Committee. Salary surveys conducted by independent consulting firms are also taken into account in every pay raise period.

Monthly Sales Commissions

Monthly sales commissions are an integral part of Mavi’s compensation system, which rewards the store employees’ performance by specific criteria, including customer satisfaction (Happiest Mavi Customer), product reviews, store coordination, new customer acquisition, sales targets and sales with Kartuş.

Annual Bonuses

The objective of bonus payments is to improve the efficiency of the executives to reach the corporate targets, maintain sustainable performance, distinguish successful executives by emphasizing individual performance and reward the executives who create added value for the company. Bonuses are paid if the EBITDA target set for the calendar year and approved by the Board of Directors is exceeded and in proportion to the extent that individual executives meet their own key performance indicators (KPIs). Some of the top executive level KPIs include net indebtedness, opex management, inventory turnover, sell-through and mark-down ratios, new customer acquisition, new store ROI and ramp-up



management and capex management along with the risk actions identified within the scope of corporate risk management activities and the secondary annual targets for long-term sustainability goals.

Long-term Incentives

The Board of Directors may grant executives with administrative responsibilities a performance-based long-term incentive by taking into account the net profit and share price targets set for a period of three years (Incentive Period) in accordance with the principles defined by the Board itself. In 2021, Mavi publicly disclosed its short-, medium- and long-term environmental, social, governance (ESG) targets, which are integrated into the performance criteria of the long-term incentive allowances of all senior management positions. On the other hand, the success criteria for the variable performance-based payments to the CEO include net profit for the year, share price and key sustainability goals.

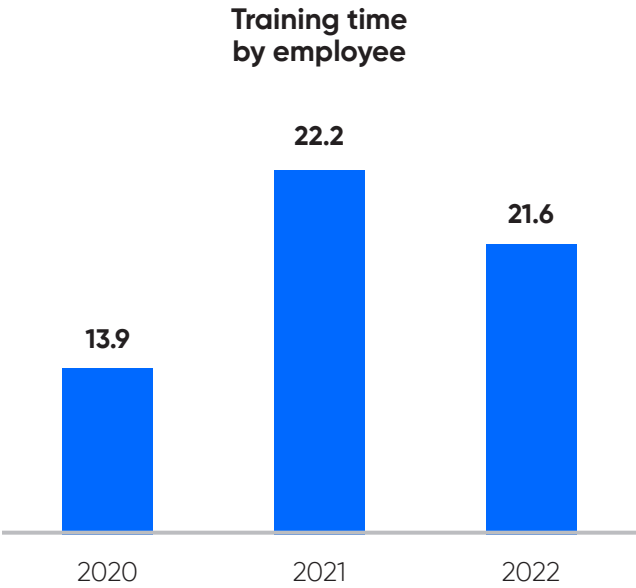


EMPLOYEE DEVELOPMENT

Mavi’s brand identity as an industry leader is driven by its strong human resource, which continually helps the company move forward and keeps pace with change and innovations. Accordingly, the employees are offered various learning and development opportunities to improve their skills throughout their careers.

The company’s approach to in-house training has evolved from basic to personalized and targeted training programs. The requirements for training and development programs are identified according to the performance system results and by conducting needs analyses via one-to-one interviews with all department managers. Accordingly, individual development plans consisting of professional, technical and personal development training modules are designed for all employees in line with the Mavi Competency Model. The employees are provided with opportunities to attend conferences, seminars and summits on a range of subjects in Turkey and abroad and also offered foreign language learning support.

Various tools are developed to leverage digital resources in training programs. Accordingly, the company has compiled a Digital Training Library, created video training programs and designed development programs tailored to different positions in hybrid formats. In 2022, total training time was nearly 122,541 hours, with an average of 21.6 hours of training per employee.



Development of Head Office Employees

Mavi offers training opportunities to the head office employees for their professional, technical, and personal development and supports them with classroom trainings while planning and encouraging their participation in events such as summits, seminars and conferences. In addition, some employees may be encouraged to take open classroom training to support their professional qualifications as needed and included in the English language program. The training programs are designed for individual development based on basic and functional competencies to help the participants understand the behaviors expected of the employee, display the behaviors required for the role and prepare for the next role. Based on the training needs analysis conducted at the beginning of the year and the employees' training requests for their own development received through their managers, job-specific catalog training programs are included and individual development plans are created. In 2022, 410 head office employees took 16,934 person x hours of training.

Onboarding programs are delivered to help the newly recruited employees become familiar with corporate culture, the company's operations, organizational structure and practices so that they can adapt more easily to their new responsibilities. Furthermore, 16 trainers in the in-house trainer ecosystem train the new employees who join the Mavi family as Assistants, Supervisors and Managers and share their knowledge and experiences in line with the continuous learning culture.

In 2022, these activities focused primarily on restructuring the training and development programs based on the positions. The development programs under the umbrella of Mavi Kampüs have been divided into two separate structures and two university collaborations. In addition, digitalization and data-driven management training programs were introduced.

The renewed Mavi Competency Model defines the next generation leadership skills and success criteria, which are shared with the employees. A 360-degree performance system is designed to measure and instill these skills and criteria. Individual training and development programs will be duly designed for the employees with a 360-degree performance system.

The sales teams are also supported with the Turkey Sales Group Development Center App, Regional Manager Development Program and "Haydi Sahaya" ("To the Field") programs to encourage head office employees to visit the stores.

Mavi Sustainability Strategy Launch

The sustainability strategy and goals were announced internally by Mavi CEO Cüneyt Yavuz during a live show of the Esmiyor Podcast. Training programs were delivered at the head office, followed by field and international teams in order for all employees to own and internalize the strategy and targets.

Mavi Kampüs Development Programs

The Mavi Kampüs program, designed to support the personal and professional development of the managers that will drive Mavi's strategic goals further, has been regularly offered since 2016. In 2022, the development program was redesigned with a job-specific structure. Accordingly, the "Leadership Development" program was created with Koç University, and the "Talent" program with Yenibirlider Association and Boğaziçi University Lifelong Education Center. The program, featuring a modular structure to accommodate digital learning methodologies, is based on Mavi's leadership development model and strategic priorities. The program, which includes classroom training, aims to equip the participants with the knowledge, skills and experience to become market-driven leaders with global awareness and social responsibility in an evolving and developing world, able to make informed decisions for strategic targets.

In 2022, 21 employees attended in the Mavi Kampus Leadership Development program and 29 employees in the Talent program. From 2016 to 2022, 134 employees have participated in the program with 67% of these participants still working at Mavi while 76% have received promotion after the program.

Mentoring Program

A mentoring program has been launched to strengthen Mavi's corporate culture and pass on knowledge and experiences to new generation employees. The program provides personal and professional development opportunities through interaction between the mentor and mentee. In 2022, 27 mentees and 25 mentors joined the program for an eight-month development journey.

The Mentoring Program, which aims to spread the corporate culture and transfer knowledge and experiences to new generations, continued with great interest this year as well. As usual, the mentees and mentors prepared for the process with a training delivered by Tim Bright, the founder of One World Consulting and a director in the European Coaching and Mentoring Council. The eight-month long mutual development journey includes 12 meetings between the mentee and the mentor.



Technology and Product Development Training Program

In 2022, the Technology and Product Development Training Program, designed to enhance the technical knowledge of the design and product development teams, was restructured in a modular format in collaboration with Istanbul Technical University to study five topics. During the program, the participants found the opportunity to learn more about the latest developments from the academics, tried the current applications and refreshed their technical knowledge.

UnSchool Training Program

The Cognitive Flexibility approach, regarded as a valuable behavioral skill, proposes unlearning the previously acquired knowledge and thought patterns and making room for new learning areas (unlearning) as a key competency. Drawing from this concept, Mavi aims to enrich the UnSchool Training Program to keep the continuous learning environment alive and passing on the Mavi knowledge and experience to the new employees.

In 2022, an In-house Trainer Development Program was organized to add more trainers to Mavi's internal training ecosystem and to equip them with the necessary competencies. By the end of the program, which aimed to train the participants as in-house trainers capable of giving online classroom trainings, conferences or shorter subject-specific orientation sessions, they gained trainer qualifications needed to effectively impart their knowledge. The UnSchool Training, designed as part of the development program, trained 16 in-house trainers within the year. The objective of the UnSchool Training Program is to promote an environment of continuous learning and development and to enable Mavi employees to share their knowledge.

In 2022, the program gave 130 employees an opportunity to listen to digital training content delivered by in-house trainers. Some of the training topics were: Retail Mathematics, Inventory Management, Cyber Security, Finance for Non-finance People, and Seasonless and Timeless Denim.

Working with Data Training Program

The GoData group started a training program to create interest in digital transformation and data-driven management orientation and 36 people took the six-day training. By the end of the program, which focused on explaining how value could be derived from data, the participants learned how to create their own data sets and reports. The training, which included topics such as business intelligence, data design methodology, data visualization and making sense of data, gave the participants an opportunity to develop practical solutions for reporting processes and learn advanced data analytics techniques.

English Language Advancement Program

The English Language Advancement Program helps the employees advance their English language skills with one-on-one lessons. With this program, Mavi extends a 50% financial support for the English language education of its employees. According to the results of the level tests of the 46 people included in the program, participants advanced at least 1 level, with some reaching the highest level.

Go Mavi Culture

As part of the Go Mavi culture, which aims for continuous progress and development, Mavi creates various working and project groups with the employees and organizes extensive monthly, annual and seasonal meetings to encourage employee participation in management. In 2022, Go Mavi project groups were renewed.

Three new projects were launched with the participation of the newly formed groups: [NextGen](#), the management trainee program of Mavi; [integration](#) of sustainability goals into the performance system; and the [Working with Data Training Program](#) organized within GoData.

Regular meetings are an integral part of the Go culture at Mavi to increase employee participation in the management and to guide the entire organization toward common goals.

MassMavi meetings: Open to all head office employees, these meetings provide a platform for departments to share their monthly business plans.

Management Forum meetings: The company's activities over the previous six months are presented at these biannual meetings, open to all head office employees.

Coffee Break with the CEO: All new employee starting at the head office meet with the CEO in these events.

Marketing Direction meetings: These are seasonal meetings where brand strategy and priorities are evaluated together with customer, market, product, and competition analyses and results are shared with the management teams, particularly the sales and category departments.

Go Mavi: This refers to the working/project groups that consist of a multidisciplinary team with members from all functions within the company including mid-level and senior managers in line with the GoMavi culture. These working groups convene at the GoForward meeting at the beginning of each year to determine Mavi's priorities and goals and continue to work in coordination with the teams to meet the set targets.

Field Strategy and Goal Meetings: Outdoor meetings for store managers and assistant store managers. Through presentations by directors about the company's strategies, common goals are set and a common culture is built across Mavi.



Adding Variety to Work Life with GoSocial

Mavi organizes a range of arts and sports activities to reinforce the sense of belonging and team spirit among the colleagues and enhance their social life. The social clubs established under the GoSocial umbrella include yoga, photography, sailing, cycling and rowing clubs. The employees also represent Mavi at various intercompany tournaments such as basketball, running, bowling and tennis throughout the year.

Development of Store Employees

Creating the happiest Mavi customers is the foremost priority of the field teams. An intensive training program is delivered throughout the year to ensure that store employees provide world-class service to Mavi customers.

Store managers take classroom training on onboarding, store responsibilities and team management as well as on-the-job training, digital training and function-specific training programs to develop their leadership skills.

In 2022, 27 mentors selected from mostly non-sales functions and 27 mentees selected from employees with high potential joined the Field Mentoring Program.

The Store Manager Development Program offers the store managers an opportunity to improve their knowledge, leadership skills and technical competencies in line with strategic priorities.

Furthermore, assistant store managers, Maviolog employees, sales representatives, cashiers and warehouse workers receive orientation, classroom, on-the-job and digital training throughout the year. To date, 144 different training contents were delivered via Mavi Connect, the digital training and communication platform, to enhance the employees' technical and behavioral skills.

Maviolog

The job of a Maviolog is to enhance the product knowledge of the teammates in the store where they serve, ensure every customer leaves the store with the right product and combination and create an excellent shopping experience for the customer. The employees to serve as Maviologs are selected very carefully and trained specifically to provide customers with product and style advice in line with Mavi's identity as a denim specialist and fashion brand. Three applications in the concepts "What to Recommend Today," "Grab and Go" and "Where Are We Going?" are used to reinforce theory with practice. As part of the program running since 2012, the number of Maviolog employees working at Mavi stands at 337 as of year-end 2022.

Secret Customer Surveys and Field Development

Secret customer surveys are conducted 12 times a year to assess the performance of the field teams and the results are regularly monitored by the sales, marketing, training and HR teams. In 2022, a total of 4,153 secret customer visits took place in more than 390 stores in 71 cities. In all the visits, Net Promoter Scores (NPS) were measured in objective and subjective standards. Accordingly, the development areas and the stores that have room for improvement were identified and training was planned. In 2022, the NPS score of the Mavi stores reached 50.24, far above the retail average.



EMPLOYEE ENGAGEMENT

Mavi has developed a suggestion system to encourage the active participation of the employees in the decision-making mechanisms and to benefit from innovative ideas. All the suggestions submitted to the suggestion/comment section of the Maviletişim platform are collected and evaluated systematically. The field team may also submit their suggestions and complaints via the “Jean Fikir” (“Jean-ious”) section on the Mavi Connect app.

According to the results of the employee satisfaction survey conducted among Mavi employees in 2021, the employee satisfaction score was 80% in the stores and 78% in the head office. The employee engagement scores, which is another output of the same survey, were 77% and 76% among store and head office employees, respectively. The consultancy firm that conducted the survey has analyzed the results and submitted a report with their evaluations. The report was shared with both the senior management and all employees. Based on the report, five workshops were organized with sample groups. Drawing from these workshops, action plans, which included new employee satisfaction practices and improvements to existing practices, were created and communicated to all the employees in a Human Resources newsletter. Some of the practices that will be introduced in 2023 include paternity leave above the legally required period, partnering with 400 kindergartens in 44 provinces and special discounts. The company has plans to analyze employee expectations through focus group studies in the times to come.

HEALTHY AND SAFE WORK ENVIRONMENT

Mavi’s top priority is to create and provide a secure, healthy and peaceful workplace that complies with environment and occupational health and safety standards. Therefore, activities are designed to foster a culture of occupational health and safety (OHS) beyond legal requirements and manage the process with a systematic and proactive approach. The Occupational Health and Safety Committee at Mavi is tasked with ensuring that occupational health and safety practices are implemented. This committee manages OHS-related processes including regular reviews of the occupational health and safety practices, recommends improvements and enhancements and ensures regulatory compliance. The senior executive responsible for occupational health and safety is the Chief Human Resources Officer (CHRO), who reports directly to the CEO. Mavi’s OHS system covers all employees in its operations, including subcontractors.

Risk analyses are conducted and emergency action plans are made by OHS specialists at the head office and stores, and preventive measures are implemented based on the findings. OHS performance is monitored regularly and in 2022, no workplace fatality has occurred at Mavi with only some minor incidents reported.

In 2022, the Mavi OHS checklist was introduced with the objective of checking all OHS risk factors in stores twice a year. With this practice, regional managers measure the OHS performance of the stores using a checklist of 30 questions during store visits. Thanks to these biannual visits, OHS risk factor checks are performed above legal obligations and potential non-compliances are eliminated.

Occupational Health and Safety Performance	2019	2020	2021	2022
Injury rate (IR)*	0.54	0.09	3.88	4.52
Occupational disease rate (ODR)	0	0	0	0
Lost day rate (LDR)**	0.65	1.30	3.69	6.39

* Incident rate is computed with the following formula: (incidents with lost workday / total annual hours worked) x 1,000,000
** Lost day rate is computed with the following formula: (absentee rate to injury / total annual hours worked) x 200,000.

During the recruitment process, the candidates are asked to provide health information and health reports confirming their suitability for the job. A workplace physician and OHS specialists are available to provide assistance to employees when needed. Employees in management and higher positions are entitled to private health insurance at the time they start their jobs while store managers, deputy managers, and assistant managers earn this right six months into their employment.

Training sessions are held to reinforce and raise occupational health and safety awareness. Training content also includes information on specific occupational health and safety issues such as workplace accidents, occupational diseases, infectious diseases, first aid, fires, earthquakes and ergonomics. In 2022, head office and store employees received a total of 35,304 employee x hours of OHS training, while employees of the subcontractors took 624 employee x hours of training, both averaging 8 hours per person. The mandatory basic occupational health and safety training content has been integrated into the Meditek remote training portal for the head office and the Mavi Connect app for the stores, and the training system has been digitalized. The training sessions are repeated at regular intervals.

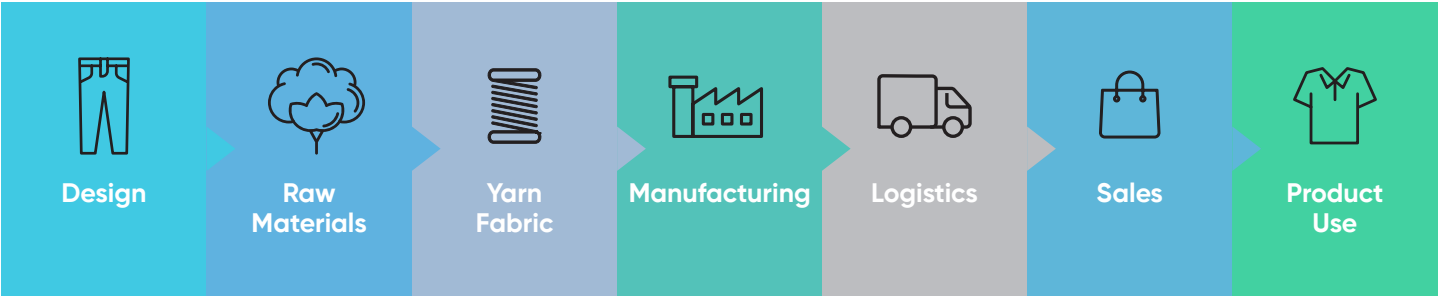
To enhance workplace ergonomics, Mavi performs Ambient Measurements and Periodic Checks to improve lighting and indoor air quality, optimize noise, humidity and heat levels and upgrade equipment.

INCLUSIVE BUSINESS MODEL AND RESPONSIBLE VALUE CHAIN

As a denim-centric apparel brand, Mavi does not engage in any direct production activities. However, the company works with 116 responsible suppliers with world-class production capabilities through its global sourcing network and 485 sub-manufacturers through these suppliers.

In addition to using general parameters such as product and service quality and capacity, Mavi applies various performance criteria, including quantity and revenue volume, speed and flexibility, contribution to collections, unique product creation capability, risk level, scope, compliance and cooperation to evaluate and select strategic and critical suppliers. As of 2022, Mavi works with 18 strategic and 38 critical suppliers. The critical suppliers account for 71% of Mavi’s production and strategic suppliers for 57% by their numbers.

Mavi expects its entire value chain to comply with and contribute to its sustainability goals and objectives. Accordingly, the company adopts an inclusive business model to improve the sustainability performance of all suppliers and support their development. The suppliers are audited to achieve traceability across the supply chain.



Responsible purchasing strategies and actions are a critical part of the sustainable value chain management. As part of its sustainability strategy, Mavi strives to ensure traceability and continuity across the supply chain by developing innovative, inclusive and sustainable practices that can be applied throughout the value chain.

Mavi Value Chain							
The financial stakeholders impacting Mavi's value chain							
Upstream				Mavi		Downstream	
Suppliers of the traded products and other suppliers (service providers and semi-finished goods)				Mavi management, employees, business partners, investors		Customers	
Sourcing				Operations		Use	Wastes/End-Of-Life
Suppliers - Raw Material Manufacturers (Tier 4)	Suppliers – Raw Material Processors (Tier 3)	Sub-suppliers (Tier 2)	Main Suppliers (Tier 1)	OPERATIONS	SALES	CUSTOMERS	WASTES
Suppliers of raw materials used in production or other production processes	Suppliers that process raw materials into semi-finished goods such as yarn	538 sub-suppliers that produce and process apparel materials	116 main suppliers that produce and finish end-products	5 global offices including the head office in Turkey Design Purchasing R&D Quality Control and Product Testing Marketing & CRM Sales Logistics Management Corporate Communications Customer Relations Human Resources Accounting Finance Investor Relations Legal IT	Omnichannel sales network active in 37 countries 459 monobrand stores, including 396 in Turkey 18 showrooms 4,500 doors globally Online sales channels: mavi.com and Mavi App	People who purchase Mavi products online or offline and use them	Post-consumer products that no longer meet the quality or other expectations of the customers and discarded packaging materials
Products or processes sourced from suppliers Cotton Polymers Recycling processes (e.g., polyester) Wood, rubber Metal Livestock (cattle, sheep, etc.) Other natural fibers	Products or processes sourced from suppliers Yarn production Production of dyes, chemicals Production of plastics and metal alloys Paper pulp production Leather preparation processes, including tanning	Products or processes sourced from suppliers Knitted and woven fabrics Bleaching, dyeing, treatment, finishing processes Production of zippers, buttons and rivets Paper and cardboard production	Products or processes sourced from suppliers Cutting, sewing, and embroidery Washing, garment dyeing, laser washing Ironing Printing Packaging Packaging materials	Logistics – Product Deliveries Logistics and customs processes, carried out with business partners to deliver the products from the manufacturers to the warehouses Central warehouse in Turkey, 3PL warehouses in Russia and Germany and managed (in-house) logistics warehouses in the USA and Canada	Logistics – Sales Network & E-Commerce Transportation activities, carried out with business partners to deliver the products from the warehouses to stores Shipping activities, carried out with business partners to deliver mavi.com and Mavi App orders to the customers		CIRCULARITY Products and packaging materials reintroduced to previous stages of the value chain through models such as recycling, upcycling, reuse and reselling



SUSTAINABILITY IN THE SUPPLY CHAIN

In all its activities, Mavi aims to offer quality and innovative products by considering ESG responsibilities. The relations with suppliers are regulated by the [Supplier Code of Conduct](#) and Global Purchasing Principles. These guidelines, used to monitor the ESG performance of the suppliers, are in conformity with the Universal Declaration of Human Rights, the International Labor Organization (ILO) conventions and the 10 Principles of the United Nations Global Compact (UNGC). Mavi only works with suppliers that meet the high standards defined for supply chain management and supports their continuous development. In units, 86% of Mavi's production takes place in Turkey. The company also supports the socio-economic development of the country by making 80% of its total payments to local suppliers.

SOCIAL COMPLIANCE AUDITS

Mavi conducts social compliance assessments for all the new suppliers that join the supply chain and only works with those that pass these inspections. In addition to the [Supplier Code of Conduct](#) and Global Purchasing Principles, field and documentation audits have been conducted with suppliers and their subcontractors in all production categories since June 2017.

The Social Compliance Department positioned under the Quality Assurance Department conducts inspections to determine social compliance in suppliers. These inspections focus on identifying the extent that the suppliers apply and comply with restrictions and regulations in areas such as child labor, health, safety, and the environment, working hours and payments, forced labor, the right to association and collective bargaining, discrimination, discipline, and management responsibility as required by international standards. Compliance with the Social Compliance Criteria established within the framework of ILO conventions, local legislation, and internationally accepted reporting standards (such as BSCI, SMETA, SA8000), including environmental criteria established under local legislation, management systems, operational efficiency, product safety and risk assessment is verified through an integrated audit structure.

Child labor and fire safety are crucial issues for Mavi, which therefore does not work with suppliers that fail to comply with the related practices. Furthermore, the business relationship with any existing supplier is terminated if such non-compliance is determined.

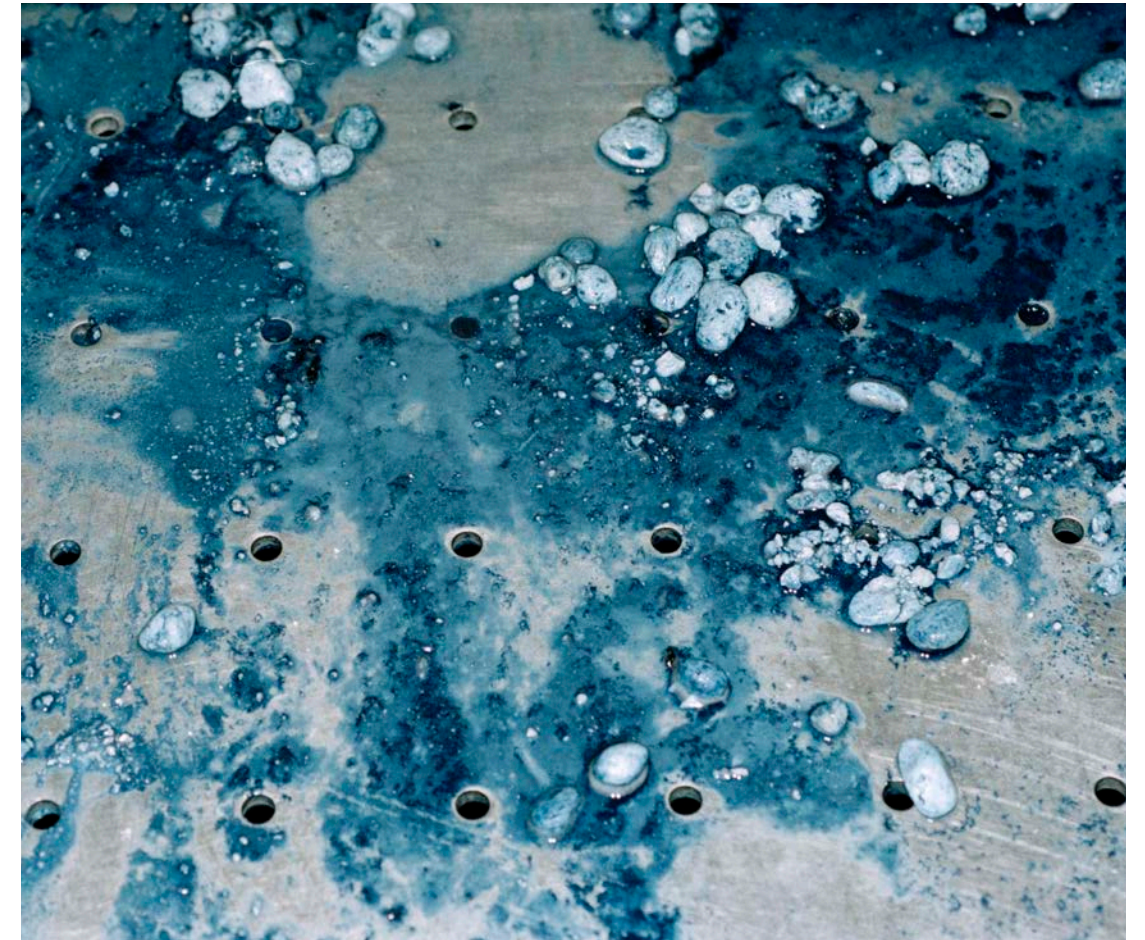
In 2022, the Mavi Social Compliance Team was expanded to perform the field audits in a new cycle that includes the previously audited suppliers. During the year, the team visited 17% of all supplier sites. All new suppliers and sub-manufacturers are subjected to full documentation review and asked to provide site photographs and documents in accordance

with OHS practices and Labor Law before they are approved for production. During the audits, suppliers are regularly informed about the requirements of Mavi's corporate social compliance procedures, broken needle policy, fire safety and follow-through actions and given feedback to improve their ESG performance.

ERAK, one of the two major producers of Mavi in Turkey in terms of production volume and revenues, holds BSCI certification while the other, TAYEKS, has BSCI and Sedex certificates. The purpose of these certifications and audits is to minimize environmental impact by prioritizing the health and social security of the employees across all production processes. Mavi accepts such certificates only if the audits of institutions like Sedex and BSCI are valid for at least one year and their results are favorable.

ERAK and TAYEKS, which account for the majority of Mavi's denim sourcing, are also included in the Higg Index, developed by SAC (Sustainable Apparel Coalition) to provide the tools for measuring the sustainability performance of a company or product.

In 2022, Mavi started to conduct environmental compliance audits in the supply chain. More information on this topic is provided in the [Ecosystem Restoration](#) section.





4.6

PLANET

BETTER.PROTECT

BETTER. PROTECT

As a denim-centric brand, Mavi sees the protection and restoration of what nature offers us as a fundamental responsibility. Accordingly, the company promotes a net-zero business model by tackling the climate crisis to protect natural resources and restore the ecosystem.

The majority of the impact that the apparel industry has on the environment is created in the raw material sourcing and textile production stages. However, the scale that the climate crisis, environmental pollution and biodiversity loss reached calls for all to take action, regardless of their operational capacities. Mavi takes steps and develops projects and applications to improve its environmental performance related to water, waste, biodiversity and in particular climate change. The company also complies with environmental laws and other applicable regulations and discloses its compliance efforts.

In its environmental investments and expenditures, Mavi aims for effective management of natural resources and protection of biodiversity with particular focus on the efforts to tackle climate change. In 2022, the company’s investments for these purposes amounted to TL 55.7 million. No environmental fines have been imposed on Mavi in the reporting period.



A
CDP Climate
Change Program score

B
CDP Water Security
Program and CDP
Forests Program scores

55.7 million
TL investment

4,984 tons
CO₂ eq. emisson
reduction

TACKLING CLIMATE CRISIS

The textile industry is responsible for generating significant amounts of greenhouse gas emissions across the value chain, from growing cotton in the field to the final product sold to the consumer. In tackling the global climate crisis, Mavi keeps its focus on reducing its carbon footprint along the entire value chain. For this purpose, the company involves its suppliers in the process to encourage the reduction of the environmental impact of their production, designs collections with innovative and sustainable products and works to gradually increase the share of these products in total sales revenues.

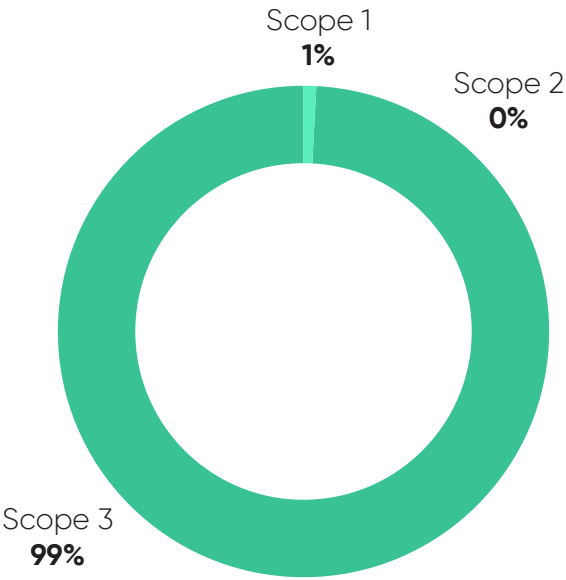
In addition to making more investment in renewable energy, Mavi also launches industry-leading projects such as M30 and the eco-store with a focus on energy efficiency. In 2022, Mavi was granted ISO 14001 Environmental Management System certification for its head office building in Turkey.

Reducing Carbon Footprint and CDP Climate Change Program

Mavi became the first and only apparel brand from Turkey to be included in the 2022 Climate Change A List, announced by CDP, the world’s largest environmental disclosure platform. Only 283 of the 20 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the A List this year, becoming the climate leaders of 2022. Mavi also earned A in the Supplier Engagement Rating (SER), a secondary score of the CDP Climate Change Program, which aims to enable companies to measure the impact of their suppliers on climate change.

2022 was the third year that Mavi submitted its performance data to the program, which calls for the largest publicly traded Turkish companies and uses one of the world’s most trusted scoring methodologies. In 2022, Mavi also improved its climate score from B in the

2022 Greenhouse Gas Emissions by Category



previous two years to A – Leadership level, again outperforming the global industry average. The company's energy efficiency and renewable energy purchasing projects resulted in eliminating 4.984 tons of CO₂ eq. emissions per year in 2022.

In 2022, Scope 1 emissions, the greenhouse gas emissions from directly owned or controlled sources, such as fuel consumed by vehicles or heating buildings, were measured as 1,760 tons of CO₂ eq. Meanwhile, Scope 2 greenhouse gas emissions from the consumption of purchased electricity amounted to 11.5 tons of CO₂ eq. (market-based). The other indirect greenhouse gas emissions from employee shuttles and business trips, waste management and purchased goods are included in Scope 3. The Scope 3 emissions, which make up 99% of Mavi's total emissions, were measured as 241,730 tons of CO₂ eq.

Science-Based Targets initiative

The Science-Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. By guiding companies in science-based target setting, the SBTi enables them to remain focused on keeping the impacts of global warming below pre-industrial levels. In 2022, Mavi updated its emission reduction targets according to the SBTi's target setting criteria. Following the validation process that involved checking the greenhouse gas inventories and the assumptions used to determine the inventories and the reduction rates, Mavi's greenhouse gas reduction targets were approved by SBTi and aligned with the goals of the Paris Agreement "to keep global warming below 1.5 °C." Accordingly, Mavi became the first and only Turkish apparel brand to make the list of companies whose science-based targets have been approved. Mavi will continue to report its progress toward the targets to the CDP Climate Change Program and disclose its performance publicly, as it has in the last three years.

Accordingly, the company has committed to reduce its Scope 1 and 2 emissions by 70% from the base year 2019 to 2030, and Scope 3 emissions by 55% (per TL added value) in the purchased goods and services category, in line with the goals of the Paris Agreement "to keep global warming below 1.5 °C."

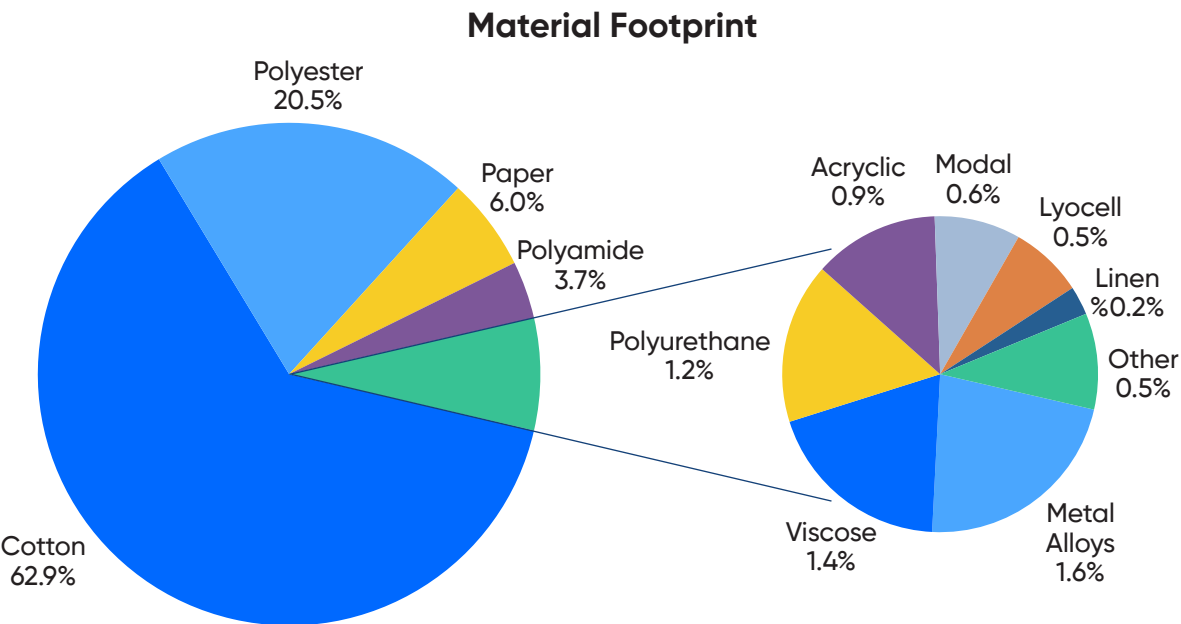


CDP Water Security and Forests Program

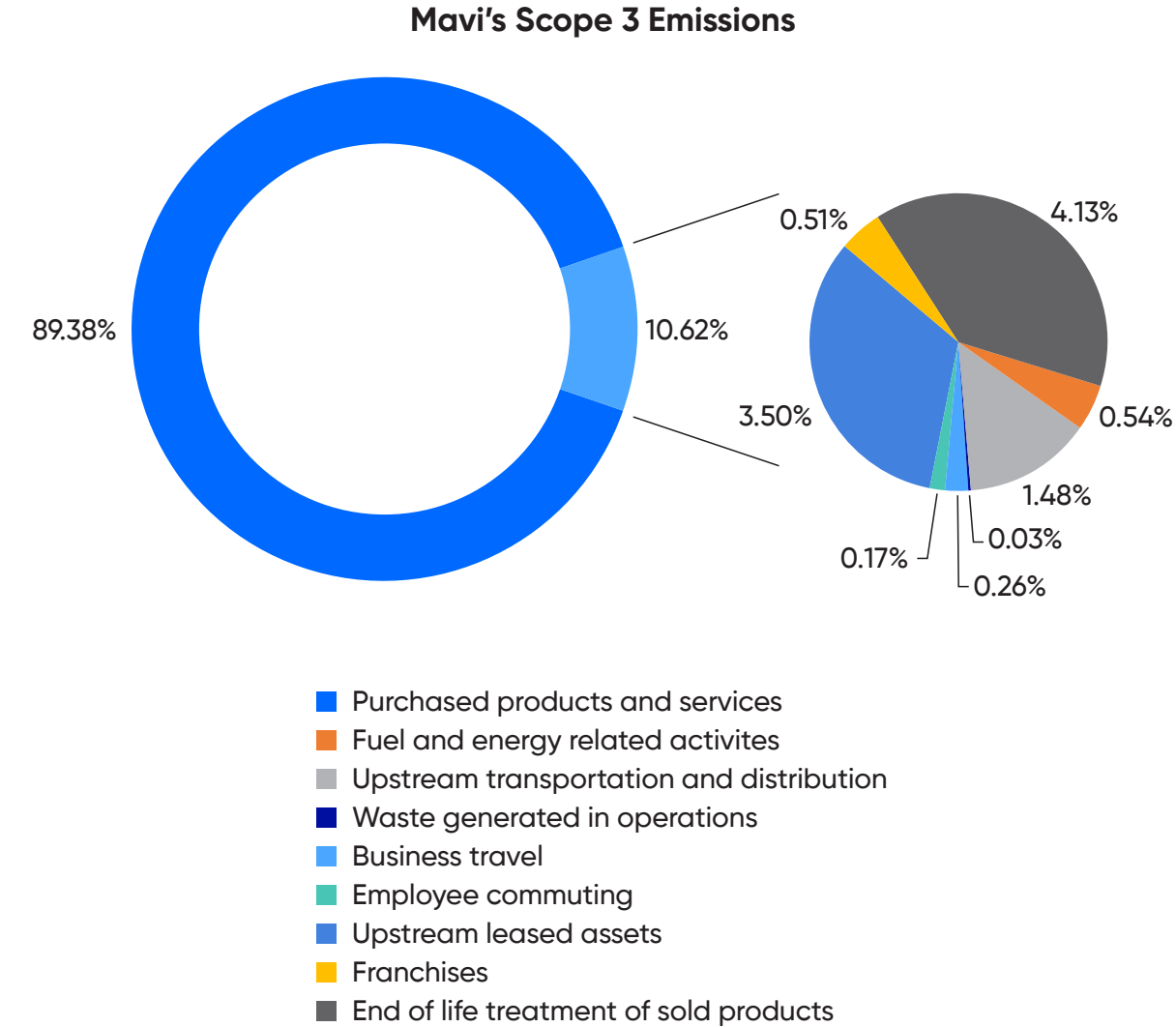
In addition to the CDP Climate Change Program, Mavi also started responding to the Water Security and Forests Programs in 2021. Already in the second year of responding to the programs, Mavi improved its scores by two levels and reached a score of B, outperforming the global industry averages. With these programs, Mavi has focused on water and raw material consumption across the supply chain and identified its risks in these areas. The company also aims to engage in partnerships for mapping risks and reducing its environmental impact through increased efficiency in water and raw materials. Within the scope of the CDP methodology, Mavi has also updated the Environment and Energy Policy and Forestry and Paper Products Policy and eliminated the gaps and lacking best practices.

As provided in Mavi's response to the CDP Water Security program in 2022, Mavi's direct water consumption is negligible compared to the amount of water used in the supply chain. To identify the water consumption in the supply chain and the related water risks in 2022, Mavi conducted environmental inspections in the wet process facilities where wet water consumption and wastewater discharge are higher than other facilities.

Mavi is the first Turkish company to respond to the CDP Forests Program, which allowed the company to map its approximate material/raw material footprint. Accordingly, around 83% of Mavi's footprint consists of polyester and cotton alone. Mavi aims to concentrate on these fibers, expand the scope of mapping with more details and achieve progress toward its sustainable raw material target. Every year, Mavi continues to increase the use of FSC-certified packaging materials, ensuring that the products come from responsibly managed forests. The company is in the process of obtaining raw material origin information as a critical data on deforestation for all its packaging materials. In 2022, 25,699 metric tons of materials, 75% of which are renewable and 25% of which are non-renewable, were used. 5% of total material use was comprised of recycled materials.



In its submission to the 2022 CDP Climate Change Program, Mavi expanded the scope of the report by filling the gaps in the previous carbon footprint inventories with assumptions and included the material footprint, production processes, AC gases and greenhouse gas emissions from end-of-life product in Scope 3 reporting. Additionally, greenhouse gas emissions from uncontrolled energy consumption were included in Scope 3 during the Science-Based Targets initiative development process, bringing Mavi one step closer to an emission profile that fully reflects its value chain. The next goal is to include greenhouse gas emissions from the production processes of the non-denim products within the scope.



Renewable Energy and Energy Efficiency

Mavi takes important steps toward procuring renewable energy to reduce carbon emissions created through electricity consumption. Accordingly, a renewable energy purchasing agreement is in place with Selenka Energy to use electricity from renewable sources where possible. As of January 2022, the head office building and 105 stores with controlled meters are powered by renewable energy. With the company's guidance, seven franchisees have also voluntarily chosen to procure renewable energy. Mavi has recently started the process of building its own solar power plant and currently waits to receive pre-licensing approval.

In 2022, half of the AC devices in the head office building were replaced with new energy-saving models, with this change expected to result in electricity savings from 15% to 20%. Furthermore, the escapes of conditioned air were reduced with the installation of wind panels on the head office building.

To reduce the fuel consumption of the leased vehicles, the rental agreements were renewed. In 2023, 37 vehicles – corresponding to 21% of Mavi Turkey's fleet – will be replaced with hybrid models. This change will create fuel savings and contribute to Mavi's greenhouse gas reduction targets.

Remote Energy Management System

In 2019, Mavi partnered with Reengen, an IoT (Internet of Things) platform for integrated energy, to conduct an energy efficiency and management study in 10 pilot stores. With the pilot study delivering positive results, the scope of the agreement was expanded in August 2020 to cover all Mavi stores and the head office, resulting in eliminating unnecessary energy consumption. With the Reengen system and deployment of alert devices along with increased user awareness, energy consumption in the stores decreased by 10% in 2022. The installation of the Reengen system also allows the company to monitor the energy consumption amounts in the shopping mall stores that do not have electricity meters controlled by Mavi and to report full energy consumption with actual values.

Mavi M30 and Eco-Store Concept

To reduce the environmental impact and in particular the carbon footprint of its stores, Mavi designed a sustainable store concept and opened its first eco-store at the Zorlu Shopping Mall in Istanbul. The store, featuring an architectural design focused on consuming less energy and using less raw material, was built with materials with sustainability and greenhouse gas emission certifications.

The efficiency results of this store demonstrate that an eco-store consumes 25% less energy and 20% less water than a standard Mavi store and is built with 30% less raw materials.

- Aisle systems are redesigned to reduce the total quantity of materials used in the construction of the eco-store. The new design features lacquered MDF panels, cabinet style product sections, raw OSB and natural coated walls instead of plaster primer and paint, as well as naturally painted cork wall tiles and two-dimensional section and column systems.
- With a new industrial ceiling design, many systems and materials used in the old store design are eliminated, reducing resource consumption. The ventilated air is released directly into the store through the open ceiling system, preventing capacity loss in the process. More efficient lighting fixtures resulted in reduced electricity consumption while the waste heat generated by the luminaires in the store also decreased.



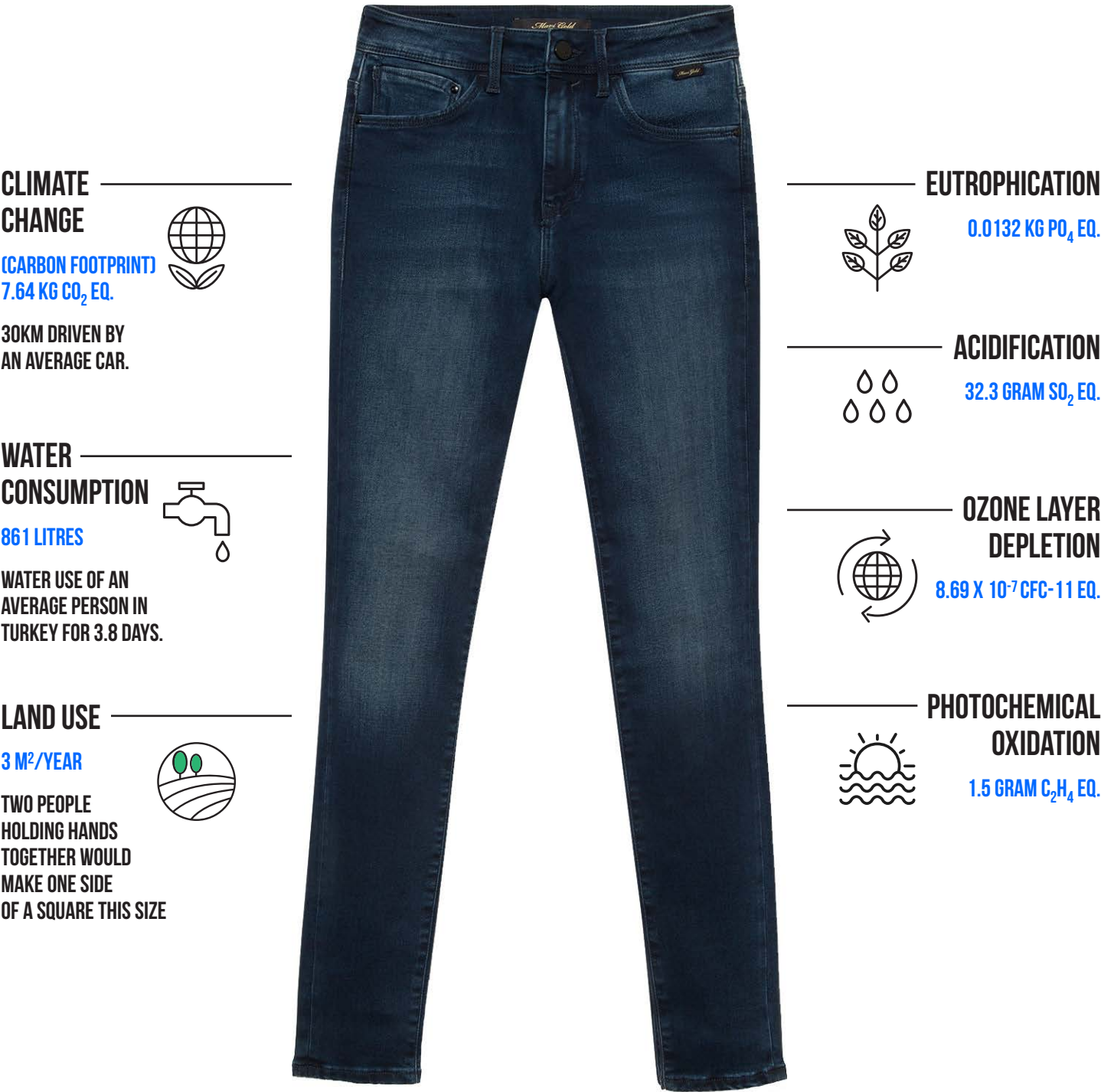
- In the design process of the eco-store design, the life cycle assessment reports of the selected products, required to have international sustainability certifications, were studied and the locally produced options were prioritized.

M30, the energy efficiency focused concept store was introduced in 2022. Stores in the M30 concept consume 25% less energy than standard Mavi stores. In 2022, 22 stores were built with the M30 concept.



THE ENVIRONMENTAL IMPACT THAT ONE PAIR OF TESS GOLD LUX MOVE TENCEL™ JEANS CREATES DURING PRODUCTION

(EXCLUDING THE LOGISTICS, SALES AND CUSTOMER EFFECTS)



Retail Lighting Design Study

As part of the energy efficiency efforts, metal halogen lamps in the stores are replaced with the more efficient LED versions. In a study on retail lighting, two types of lamps were compared in a simulation using energy consumption and lighting data collected from Mavi stores. As a result, the study demonstrated with real data that LED lamps outperformed metal halogen lamps in terms of both lighting performance and energy efficiency. Based on these studies, Mavi will continue to increase LED lighting in the stores.

Life Cycle Assessment (LCA)

Mavi continues to conduct Life Cycle Assessments (LCA) to identify the environmental impact of its products. Life Cycle Assessment involves calculating and reporting how a product, service, process, or activity affects the environment throughout its life using a specific methodology. This enables scientific calculation and reporting of the products' environmental impact across all the related production, shipping, consumer use and waste disposal processes. This approach also facilitates the decision-making process by considering sustainability starting from the design stage of the product.

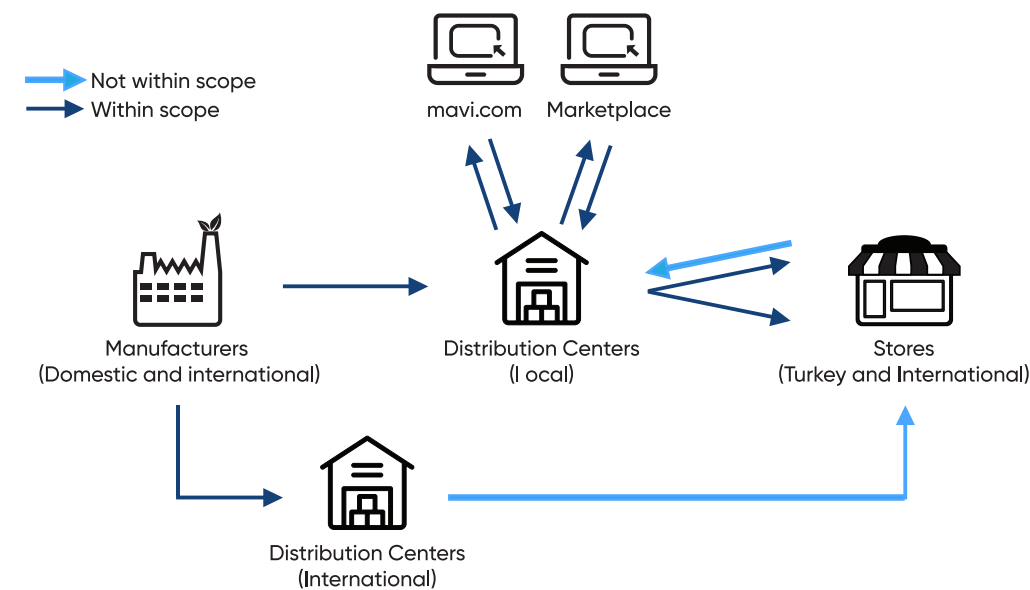
Using LCA, the environmental impact, and in particular the carbon footprint, water consumption and environmental footprint of the products have been analyzed in detail, drilled down to production stages. In addition to offering a roadmap, these results also provide direction to the denim design and product development teams to consider reducing environmental impact in their decision-making processes. This inventory now enables Mavi to compare the environmental impact of fabric suppliers and their different fabrics. As the LCA studies continue, Mavi aims to expand the scope with the non-denim product groups in the next stage. The LCA analyses of the non-denim products will also be used to build a more detailed carbon footprint inventory and calculate relevant values more accurately.

LCA study outputs were used in the design process of the Mavi Hemp Denim collection, recognized as the "Best Sustainable Collection" at the Rivet x Project Awards in 2022. An LCA study was conducted to compare the environmental impacts of the collection components such as fabrics, rivets, inner and back labels made of different materials and the results informed the design process of the new collection with superior environmental performance.

Logistics Activities

To calculate its logistics-related greenhouse gas emissions, Mavi has mapped its logistics network based on supplier data such as shipping volume, departure and destinations and engine classes. Greenhouse gas emissions of the logistics activities from manufacturers to distribution centers to stores, marketplaces and mavi.com customers have been calculated. Since December 2020, the company has partnered with a logistics provider and shifted to intermodal shipment for land transportation to Mavi Germany, achieving more fuel efficiency in product shipments. In 2021, the same provider queried the locations of the warehouses through heat maps and achieved improvements through increased efficiency in the transfer centers with route optimizations. The reduction in fuel consumption with this mode of transportation results in lower Scope 3 greenhouse gas emissions from logistics. In 2022, Mavi also signed a new service agreement with another global logistics provider to offset the greenhouse gas emissions from air freight operations. With this agreement, the greenhouse gas emissions from the handling and transportation activities with the logistics provider will be offset by purchasing carbon credits from renewable energy or climate protection projects such as efficient cooking stoves. The carbon credits purchased in this process will also be assured by an independent accredited institution.

Logistics activities included within the scope of emission calculations



ECOSYSTEM RESTORATION


Reducing the stress on nature and protecting the fragile ecosystem is a material issue for Mavi. Therefore, the company focuses on using water resources efficiently, controlling the use of chemicals, packaging and waste management and protecting biodiversity across the supply chain. Accordingly, efforts such as making sustainable products that require less water and recycling water in production processes are encouraged. To protect the health of manufacturers and consumers and minimize environmental impact, Mavi aims to reduce the use of chemicals, which should comply with the ZDHC criteria. Mavi recognizes the importance of using recycled materials in paper and plans to use only FSC certified paper and cardboard. Furthermore, the company adopts a circular approach to waste management and works to reintroduce textile waste and other wastes into the system. Mavi also develops projects to raise social awareness about protecting biodiversity.

Environmental Compliance Audits

In 2022, Mavi started to conduct environmental audits at select supplier facilities toward its 2025 target of having all critical suppliers and wet process sub-manufacturers undergo environmental audits. For field inspections, a 143-question checklist was created with Mavi's feedback and used in the audits conducted by a third-party environmental audit expert. During the audits, the suppliers' environmental performance was questioned on a number of topics, including their environmental management systems, legal compliance, water and wastewater data, use of chemicals, wastes, air and noise emissions, energy management and greenhouse gas management. In 2022, audits were carried out at 68% of the wet process supplier and subcontractor facilities. The results of the audit reports provide key data for measuring Mavi's environmental sustainability performance. The next plan is to conduct inspections in all the other targeted facilities and to assess the suppliers based on the results of their environmental audits. Following the assessments, the suppliers that fail to achieved the required scores will receive improvement recommendations and then they will be monitored with control audits.

Water, Energy and Chemicals Management with the Suppliers

Mavi focuses on more efficient energy and water use and reducing environmental impact both in its own operations and across the supply chain. In addition to conducting inspections, the company also develops various projects, collaborations and applications for this purpose. ERAK and TAYEKS, the two major suppliers of Mavi that account for nearly 80% of the denim production, have practices in place to improve energy efficiency and water use. The heat, hot water and steam generated during the production process (especially in washing and drying machines) are reused in the facility, ensuring efficient energy use in production. Furthermore, the majority of the electricity that ERAK uses comes from natural gas cogeneration. With the solar panels installed in the factory, TAYEKS now uses renewable energy.



With Mavi's strategic manufacturing partners **ERAK** and **TAYEKS**, compared to last year;

10%
LESS WATER

16%
LESS ENERGY

80%
OF TOTAL DENIM
PRODUCTION IS DONE
WITH LASER AND
SUSTAINABLE
WASH TREATMENT

In 2022, ERAK and TAYEKS consumed 10% less water and 16% less energy year-on-year while laser and sustainable washes and treatments accounted for 80% – with an increase of 10% – of denim production, thanks to their machinery parks.

All the chemicals that these two major suppliers use are ZDHC (Zero Discharge of Hazardous Chemicals) certified. These chemicals undergo tests and controls and are used only after approval. In line with international and local regulations, the companies work to minimize the employees' contact with these chemicals, and only safe chemicals that are not harmful to humans are preferred. Furthermore, the dosage system applied during the stage where washing chemicals are added to the machines eliminate using excessive chemicals.

Mavi takes utmost care to keep the discharged water from production below the legal limits. Mechanical, chemical and biological membrane treatment systems are used at the manufacturing sites. With the enhancements implemented, fewer chemicals, less water and less energy are used in the processes. Starting with the All Blue collection, Mavi has started to focus on using e-flow technology more to reduce water consumption.

Waste Management

In 2022, Mavi's operations generated 3311.5 tons of non-hazardous waste – including the wastes within the scope of Recycling Participation Share (GEKAP) and 0.53 tons of hazardous waste. With a circular economy approach, 12% of this waste was delivered to recycling while 3.8% was incinerated at a licensed facility. In logistics, 65% of the boxes that manufacturers use for delivery of Mavi products are reused. All packaging waste is delivered to licensed waste collectors for recycling. The deadstock items may create hazardous or non-hazardous waste depending on product type. Licensed waste management companies are used to dispose of these wastes.

Cardboard and Paper Packaging Materials

In 2022, 47% (in mass units – tons) of the purchased cardboard and paper materials were FSC-certified. For gift and courier pouches, cardboard boxes, shopping bags, thermal cash register POS paper rolls and printed materials, FSC-certified alternatives were preferred. Furthermore, Mavi has started to request information about the origins of the raw materials used in cardboard and paper packaging against procurement from countries with deforestation risk.

Biodiversity

The rapidly increasing urbanization, deforestation and changing consumer habits are affecting natural life more than ever. To address the impacts on biodiversity, programs and projects should be developed to prevent the endangered species from extinction and protect the species in their natural habitats.

Indigo Turtles Project

As a Mediterranean fashion brand, Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered sea turtles and aiming to encourage volunteering for a sustainable nature. The objective of the project, which raises awareness about biodiversity, is to protect and ensure continuity of the *Caretta caretta* and *Chelonia mydas*, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over one million *Caretta caretta* make it to the sea in the last 22 years. The number of nests, which was only 500 when the activities started in the region, has reached 1,652 and the number of hatchlings that made it to the sea exceeded 56 thousand in 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of nests	1,998	2,111	2,478	2,283	2,069	2,165	3,191	3,850	1,652
Number of adult turtle eggs	149,850	151,992	183,372	157,527	144,830	155,880	232,943	300,300	120,000
Number of hatchlings	75,824	75,540	106,172	81,284	79,512	77,472	130,914	168,000	75,500
Number of hatchlings that reach the sea	56,643	64,901	92,236	69,942	63,291	66,561	114,375	150,800	56,500





4.7

DENIM

BETTER.TRANSFORM

BETTER.TRANSFORM

Mavi transforms denim with unique, innovative ideas and the power of technology. Involving its customers in the sustainability transformation process with quality and sustainable products, Mavi helps change their consumption habits. Mavi also aims to inspire the industry with innovative products with low environmental impact by embracing the circular economy model. This approach is supported with innovative partnerships to shape the future of sustainable fashion. With responsible raw material sourcing and production, this transformation extends to every aspect of the value chain, from the farmer to the end-consumer.

QUALITY FIRST

The Perfect Fit philosophy that has guided Mavi since the very beginning allows the company to meet customer expectations with the right price-quality balance. Taking this one step further, Mavi aims to make quality and sustainable products accessible to all its customers. With the eco-friendly All Blue collection, Mavi plays a role in helping consumers make more informed choices.



PRODUCT QUALITY AND SAFETY

Mavi aims to bring quality and safe products to its customers by ensuring the highest standards across the value chain. The quality control team of experts under the Global Purchasing Directorate is responsible for product quality and assurance and conducts regular quality controls in all processes from production to distribution. The interim controls during production and final controls for the finished products are performed by Mavi’s quality control team and accredited independent inspectors.

Mavi performs regular inspections to measure and score quality at the companies in the supply chain. This assurance process enables the manufacturers to produce according to the specified quality and safety standards and procedures. The Mavi Manufacturer Handbook, where these standards are explained in procedures, is shared with the suppliers. These standards include Global Purchasing Principles, Fabric Performance Standards, Ecological and Physical Test Matrices, Audit Procedure, Wash and Dye Machine Approval Procedure, Error Definitions, Error Examples and Measurement Guide.

At the sample stage, technical product refinements are made for fit, performance and functionality. Furthermore, customer feedback is carefully evaluated to achieve the highest product quality and ultimate customer satisfaction through the work of the product development and procurement teams and improvements made with manufacturers.

Mavi tests every fabric, model and related options in international test laboratories and follows the world standards defined by global organizations to the letter. Mavi also requires chemical analyses and quality performance tests from the manufacturers to check that the products are manufactured in the declared standards. The products, beginning at the sample stage, are tested by third-party laboratories for levels of chemicals. Furthermore, raw materials are tested under the manufacturers’ responsibility within the scope of EU legislation (REACH – Registration, Evaluation, Authorization and Restriction of Chemicals) for other chemicals. The tests are conducted according to specified criteria by accredited laboratories, the results are evaluated and only the approved products are shipped. Each item is tested and products that fail to conform are canceled and not purchased.



mavi
allblue

no filter
all vegan
less water
much love

PERFECT FIT STRATEGY

Mavi's Perfect Fit approach is grounded in understanding and monitoring customer needs and meeting expectations with the right quality-price balance. Following the latest fashion trends in the global markets to identify the target consumers' requirements and to offer the optimal options to meet their needs enables Mavi to position itself as a high-end and premium menswear and womenswear brand. Mavi embraces people of all ages, sizes and lifestyles no matter what they wear, connects with its customers every moment of their lives and aims to build long-term relationships. These attributes bring global recognition to Mavi as a denim-centric lifestyle brand that offers world-class quality products.

In 2022, Mavi expanded its offering with: Mavi Hemp Denim, the most sustainable jeans line of the eco-friendly All Blue collection; Esra Gülmen X Mavi, a collaborative collection with the rising designer Esra Gülmen with inspiration from earth symbols; MV91, reinterpreting the 90s styles of Mavi for today; Freedom of Space X Mavi, a cult version of streetwear; Maviterranean, inspired by the Mediterranean; and brand new Outerwear and Activewear collections. With a wide range of jeans and casualwear, Mavi continued to stand apart in the market by understanding and responding to the needs of all types of customers at a time when shopping behavior is changing and smart-casual is becoming the style choice. The brand maintained its market share in women's while growing its share in men's.

Mavi is the leader of the Turkish denim market with 18.5+% share and ranks among the top four womenswear and menswear brands in the apparel market. In addition to ranking first in top-of-mind jeans brand awareness and powerful brand recognition in Turkey, Mavi also stands apart as the preferred jeans brand across both male and female consumer segments. With a diverse design team that feels the market and an R&D team with strong technical expertise, the brand's broad denim assortment for all markets includes more than 300 fits and over 2,000 model options. The CRM applications used in analyzing matrices of jeans fits and customer demographics serve as a key tool in differentiating the brand. Even during the pandemic, Mavi has remained focused on doing what it does best, interpreting change from a jeans culture perspective and maintaining its leadership with denim innovations.

CUSTOMER SATISFACTION AND COMMUNICATION

Creating the “Happiest Mavi Customers” is a top priority for the company. To spread this approach of ultimate customer happiness across the field, Mavi has formed a special project group called GoCustomer. Employees from the marketing, HR, sales and training departments actively participate in this group, which works throughout the year to deliver an excellent shopping experience to the customer with premium products and service quality.

Mavi’s best-in-class loyalty program (Kartuş) has grown to 8.4m members since its launch in 2007. Kartuş data is used effectively to develop offers and deals that respond to customer expectations and needs and personalized campaigns and communications are run to drive customer frequency, basket size and lifetime value. With personalized offers and deals, Kartuş is used in 77% of the shopping at ~400 Mavi stores and on mavi.com.

Responding to the evolving needs and expectations of the consumers creates a significant competitive advantage. Therefore, companies that focus their skills and assets from human resources to data-driven tools on understanding the changing consumer behaviors are able to adapt to the evolving conditions faster . Mavi adapts to the rapidly changing dynamics of the fashion industry without compromising quality and brand reputation in the eyes of the customer and continues to create the Happiest Mavi Customers . In 2022, Mavi's efforts in this area were recognized with the bronze award in the Brand with the Best Customer Satisfaction category at the A.C.E. (Achievement in Customer Excellence) Awards.

Projects Improving the Customer Experience

Mavi diversifies and enriches the shopping and feedback channels through digitalization to always provide better experiences for Mavi customers and improve customer satisfaction:

- Mavi.com, which was upgraded with a new face in 2022, offers a closer look into each product and creates a convenient, fast, understanding and engaging customer experience with smart suggestions that consider the user’s tastes.
- Recognizing that people have different sizes, ages, lifestyles and clothing preferences, menswear and womenswear categories were featured with special images for different customer types, emphasizing that there is a pair of Mavi jeans for everyone.
- Managing the customer experience from a single platform with an omnichannel CRM approach has enabled monitoring the campaign and loyalty processes in integration with the cash registers, mavi.com, Mavi App and all future channels.



- The projects developed to enhance the digital sales channels have made it possible to sell store inventories on mavi.com and to sell online from stores. Additionally, a 2-hour delivery option was introduced for deliveries to select districts in Istanbul, Ankara and Izmir in purchases via Mavi.com and Mavi App .
- Mavi started a “return collection service” to improve the return experience of its customers. The customers may benefit from this service in 29 provinces without having to go to a courier branch.
- A customer review option was added to mavi.com to facilitate the other customers’ selection and decision making. In the 12-month period, the site received nearly 60 thousand reviews.
- With the introduction of the option to purchase physical and online gift cards both in stores and online, digital coupons accounted for nearly 90% of the total gift card sales online.
- Mavi leverages machine learning to facilitate the selection process of the users by suggesting the most accurate fits according to the details they enter, reduce returns due to mismatched sizes and enhance customer satisfaction.

Customer Relations Management

The customers may provide feedback regarding products or services and communicate their thoughts and ideas about Mavi and all kinds of recommendations to Mavi by phone, email, social media channels and stores. As part of an agreement with Global Bilgi, Mavi has outsourced its call center operations, which were managed in-house until then, to the experts. In this new system, the customer relations teams continue to provide service at the head office while Global Bilgi has a dedicated team of 48 at its call center to serve only Mavi. With the new structure that integrates the customer call center processes in stores and e-commerce, Mavi now serves customers from 8:00 am to 12:00 am seven days a week. The call center team manages the flow of communications and responds to customers by taking the necessary actions. In 2022, 100% of the complaints communicated to Mavi were resolved. According to the surveys conducted by the call center, customer satisfaction was 89% in 2022.

Mavi manages customer relations according to the EN 15838 Customer Contact Centers –Requirements for Service Provision and ISO 10002 Customer Satisfaction Management System certifications. The sales representatives and managers at Mavi stores have received 77.5 hours of customer relations training, which included topics such as customer psychology, handling customer objections, happiest Mavi customer, excellent shopping experience, customer relationship management and next-generation customer experience.

The company procures services from a third-party to monitor all customer posts and engagements on social media about Mavi. This service delivers valuable insights about Mavi, enabling swift response to the issues that require action.

The company conducts regular surveys to collect information on the brand’s perception among customers and consumers’ shopping habits in relation to the Mavi brand, products and ad campaigns. The secret customer surveys at Mavi stores and franchisees enable inspection of every single sales point and monitoring and reporting on their service quality. Net Promoter Score (NPS) is monitored with secret customer surveys. In 2022, Mavi captured an NPS score of 50.24 according to the results of the secret customer survey.

[The Information Security Policy](#) defines the actions required for implementing, running, monitoring, reviewing, maintaining and enhancing information security. Furthermore, the customers may access the [Privacy Notice for Protection of Personal Data](#) at the stores, on the website, the Mavi mobile app or via the call center at all times.



DENIM INNOVATION

Mavi believes that the best denim is sustainable denim and continues to invest more in R&D and product development processes. The innovative All Blue collection, which consumes less energy, water and chemicals and uses organic, recycled and upcycled materials, drives denim innovation in the industry.

Turkey maintains an unrivalled position worldwide in terms of R&D investments, innovation and technology development in denim fabric and jeans production, giving Mavi a competitive edge in shaping the industry. The company combines its denim expertise with its strong product development team, optimally leveraging Turkey's high quality supply ecosystem. As a denim innovator, Mavi has become a force to contend with in setting quality and price benchmarks in the market. For the design and product teams, accurate interpretation of fashion trends for the brand and the customer with their technical expertise is a key priority. To ensure the softness, comfort and wearability that Mavi aims to deliver to the customer, the R&D activities focus on detailed fabric research, product trials and wearability tests together with suppliers.

The budget allocated for R&D in 2022 corresponded to 0.86% of the company's revenues. The sales of the sustainable All Blue products accounted for 14% of total revenues. The R&D employees constitute 3.5% of the white-collar workforce in Turkey.

ALL BLUE: MAVI'S MOST SUSTAINABLE COLLECTION

Mavi's sustainable All Blue collection reflects the brand's love of nature in various ways and drives a change in shopping habits by instilling an awareness about sustainable products in the consumers. The All Blue collection is made with innovative techniques and sustainable, upcycled materials using less water and energy.

The All Blue collection features products made with sustainable organic, recycled or Better Cotton-certified cotton, recycled polyester, TENCEL™ modal and lyocell, hemp and upcycled materials. The sustainable fiber content in fabrics is shaped around Mavi's quality first focus, design approach and product performance specifications.

The All Blue products contain sustainable fibers and are made with efficient technologies that consume less water and energy than conventional production techniques. Mavi collaborates with its strategic partners ERAK and TAYEKS to use the E-flow technology to reduce water, energy and chemicals consumption and laser technology that guarantees product standards, reduces the use of chemicals and protects the health of the employees, and an automated dosing system that eliminates faulty and excessive use of chemicals in washing due to manual processes. Environmental impact measurement methods such as EIM Score and LCA are used to assess these processes.

The products – true, unfiltered versions of denim – are 100% vegan and the labels are made from recycled paper.

The pioneering role Mavi plays in sustainability resonates with the customers and is recognized on international platforms. After winning the Best Sustainable Collection category at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, with the eco-friendly and sustainable All Blue collection in the 2019, 2021, 2022 and February 2023 editions, Mavi was recognized with the same title for the fifth time for its sustainable products with superior sustainability performance. Rivet, affiliated with the Sourcing Journal, one of the world's most important sectoral publications, evaluated brands that made a difference with their innovations in denim design, product development and sustainability during the Las Vegas fair, and as a result of the evaluations, the best jeans brands were awarded in seven different categories.


In 2022, icons were incorporated into the labels and online descriptions to inform the customers about the product features of the All Blue collection. These expressive icons help Mavi customers identify the environment friendly features of the products quickly and easily.

mavi
allblue


no filter
all vegan
less water
much love




Fabric and Sustainable Materials




ORGANIC COTTON



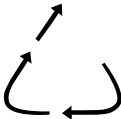
HEMP



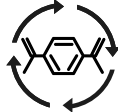
RECYCLED COTTON




TENCEL CELLULOSE BASED FIBERS




UPCYCLED MATERIALS




RECYCLED POLYESTER




REPREVE® POLYESTER




BETTER COTTON




ALL VEGAN




NATURAL CLAY DYE FABRIC



BIOBASED NUT SHELL BUTTONS



BIOBASED OLIVE SEED BACK LABEL




FSC CERTIFIED PACKAGING


All Blue Sustainable Product Focus Areas in 2022

- Mavi aims to develop environment-friendly products and expand the sustainable product collection every year.
- With Mavi becoming a member of Better Cotton, the use of Better Cotton-certified materials in the collection increased significantly.
- The use of recycled and organic raw materials in fabrics increased. Recycled polyester and REPREVE® were preferred especially in product groups targeting the youth.
- The use of water, energy and chemicals in fabrics, washing processes and accessories decreased.
- Products with high environmental performance have been designed with hemp, the environment friendly fiber that consumes the least amount of water and TENCEL™, the innovative eco-friendly fiber.
- The use of laser in distressed and worn treatments instead of washing increased by 10% year on year, reaching 80% in 2022.
- All-vegan materials are used in product accessories.
- 100% recycled yarn is used in all the woven labels inside the waistbands.
- All rivets are made with 20% recycled zamak.
- All back label notes are made from cloth material containing 65% recycled polyester.
- For paper materials on the products, 50% recycled and recyclable paper is used on average.
- Paper label suppliers with FSC certification are preferred.
- The jacron back patches are made from FSC-certified raw materials.


Innovative Production Methods Resource Management



LESS WATER
LESS ENERGY



LASER WASH



LESS CHEMICALS



Mavi's Most Sustainable Jeans: "Mavi Hemp Denim"

Mavi Hemp Denim is the new member of the environment friendly All Blue collection and features new styles made with hemp fibers that consume minimum water and are set to revolutionize the future of sustainable fashion. The collection is made with hemp, grown only with rain water and without the need for artificial irrigation, minimizing water consumption. Hemp has lesser environmental impact and naturally promotes soil biodiversity. Hemp is also naturally antibacterial, anti-microbial and biodegradable. It requires no herbicides, pesticides, synthetic fertilizers or GMO seeds, improving soil health and preventing erosion.

The collection, which consumes less water and less energy during production, features hemp along with recycled cotton seams and trims and bio-based nutshell buttons. Made with Comfort technology, the fabrics are not only sustainable but also super soft and gentle and every single component of the Hemp Collection is selected by considering their environmental impact. Mavi won the "Best Sustainable Collection" category for its Hemp collection at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market.

The fabrics used in the Mavi Hemp collection are manufactured in Turkey by ORTA, which designs innovative denim fabrics for the world with a focus on innovation, technology and sustainability. The fabrics created with leading denim innovation offer flexibility, durability and comfort. ORTA sources the hemp used in its fabrics from La Chanvrière, a member of CELC (The European Confederation of Flax and Hemp).

Mavi Upcycle

The Mavi Upcycle collection was created by the Mavi design and P&D teams who collaborated to bring back denim and non-denim products from the archives to life by upcycling them for today's fashion. For the collection, 12 styles and 779 products were upcycled. Made with fabrics from different products, each piece is unique, genderless and sizeless. Offered in select stores, the collection interprets tonal and textural variations with color blocking and draws attention with youth codes blended with streetwear. Additionally, the hang tags of this product group are made from packaging waste.

INNOVATION PARTNERSHIPS

Partnerships play a key role in the sustainability transformation of the industry and driving innovation. Mavi engages in innovation partnerships with various other brands, designers and universities to expand its positive impact and inspire the industry.

Esra Gülmen x Mavi: Mavi Version of Wearable Art

For the new collaborative Esra Gülmen X Mavi collection, the designer created earth-inspired motifs with the themes “Waves, Mountains, Trees, Rivers,” transforming a sustainable line within the All Blue collection into wearable pieces of art. The denim pieces in the Esra Gülmen X Mavi collection are made sustainably, using production methods that consume less water and energy and designed with vegan and recycled labels. To evoke the Mediterranean character of Mavi, raw white and ecru fabrics were produced exclusively for the collection. The white raw fabric, which perfectly complements Esra Gülmen’s simple style, is made with minimal processing. As a result, each piece is environment friendly in terms of water and energy use and a part of Mavi’s sustainable All Blue collection.

Freedom of Space x Mavi

Mavi and Freedom of Space partnered to reinvent the cult looks of the 90s street culture for future generations. Mavi, defining the denim trends for thirty years, and Freedom of Space, created an exclusive collection with sustainable Better Cotton-certified fabrics, innovative printing techniques and sustainable components. Acting today for the future, the patchwork sweatshirts made with scraps of denim are a testament to both brands’ sustainability commitment.





RESPONSIBLE RAW MATERIAL SOURCING

Mavi encourages manufacturers to make responsible raw material choices and helps them transform their production processes. Accordingly, Mavi traces and steadily increases the sustainable material content (organic, recycled, upcycled and Better Cotton-certified cotton, recycled metal, etc.) in its products.

In 2021, Mavi received OCS and RCS certificates, earning the right to sell products with proven organic and recycled content across the supply chain. RCS certification verifies recycled content and OCS certification verifies organically grown content, ensuring that these materials can be traced from their origins to the final product. In addition to Mavi’s two major suppliers, ERAK and TAYEKS, Rimaks is also a manufacturer with international Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) certifications . Overall, 10 suppliers have the capability to manufacture organic products.

In 2022, Mavi became a member of Better Cotton and began to support the world’s leading sustainability initiative for cotton by using Better Cotton-certified cotton. Better Cotton addresses cotton production with its environmental, social and economic impacts, trains farmers with the necessary knowledge, skills and tools, and aims to continuously improve agricultural practices . As a result, farmers who grow cotton by following factors such as mitigating the harmful effects of plant protection practices , managing and using water resources effectively, ensuring soil health, protecting and enriching biodiversity, maintaining fiber quality, and improving the welfare of agricultural workers , attain an internationally recognized standard. Mavi remains focused on more responsible raw material sourcing by purchasing cotton from such sustainable sources. Mavi has reached its five-year consumption target declared during the Better Cotton membership process in September 2022.

In 2022, the sustainable alternatives monitored for various fibers were used in the ratios shown in the table below.

Fiber	Sustainable Alternative	Sustainable Alternative Usage Ratio
Cotton	Organic Cotton	18.5%
Polyester	Recycled Polyester (Repreve®)	0.7%
Lyocell	TENCEL™ Lyocell	65.8%
Modal	TENCEL™ Modal	58%



4.8

COMMUNITY

BETTER.MOBILIZE

BETTER.MOBILIZE

Mavi aims to create shared values in the community and use its transformative and mobilizing brand power to achieve better things. The company is particularly focused on empowering young people and women for social development so that no one is left behind. Customers who choose Mavi and other stakeholders are also included in this movement.

Mavi’s Impact-Driven Transformative Power

Mavi intends to mobilize its stakeholders, especially the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers , employees, suppliers, universities and non-governmental organizations (NGOs) are launched.



Indigo Turtles

Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered *Caretta caretta* and *Chelonia mydas*, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over one million *Caretta caretta* make it to the sea in the last 22 years. The number of nests, which was only 500 when the activities started in the region, has reached 1,652 and the number of hatchlings that made it to the sea exceeded 56 thousand in 2022. Facing many difficulties, only 40% of hatchling turtles reach the water and only one in a thousand survives. This is why the Indigo Turtles project raises awareness about supporting the survival efforts of the sea turtles, supports protection of biodiversity and promotes the importance of volunteering.

Young volunteers join the Indigo Turtles project and set up camp on the 30km-long beaches for four months, working every day to protect the mature female turtles’ eggs from external factors and help hatchlings climbing out of their nests to reach the water. Along with hundreds of university volunteers from Turkey and around the world, customers , scholars, social media followers, brand ambassadors and employees of Mavi also join the project voluntarily.

Supported by the awareness seminars hosted at universities, the project gains more recognition as the number of applications to volunteer increases every year. In 2022, over 100 university students volunteered for the program while the camp event was promoted with competitions for social media followers and influencer partnerships.

Since the launch of the project, each customer that purchases an Indigo Turtles T-shirt adopts five sea turtles and contributes to the efforts. The T-shirts, designed for all customer groups, are sold in Turkey as well as online stores in the US, Canada, and Germany. Every year, thousands of Mavi customers become voluntary ambassadors of the project with their T-shirts.

Mavi Scholarship Fund

Since 2016, Mavi has granted annual scholarships to female students in a number that corresponds to the age of the company through the Turkish Education Foundation. For the 2021–2022 academic year, 31 students received grants under the Mavi Scholarship project, which supports them throughout their university education. Mavi has also supported the education of one student as part of Koç University's Anatolian Scholars program, which gives a second chance to successful students that achieve scores in the top 1% in the university exams despite limited education privileges but are unable to qualify for scholarships.

A movement for good: "We Are Beautiful When We Are Together"

Mavi has always designed its jeans drawing from the belief that each woman is unique, regardless of her age, body type, clothing and lifestyle. In 2022, the brand launched the "We Are Beautiful When We Are Together" project with this belief. Mavi transformed this message of being 'beautiful together when we are together' into an action by giving women a chance to touch more lives and make other women happy. As part of this movement, Mavi partnered with Needs Map and gifted Mavi jeans to 1,000 female university students across Turkey. Mavi also sent gift cards to a group of 200 opinion leaders and asked them to give those cards to women, ensuring their participation in this movement for good.

Miav cat houses for stray animals

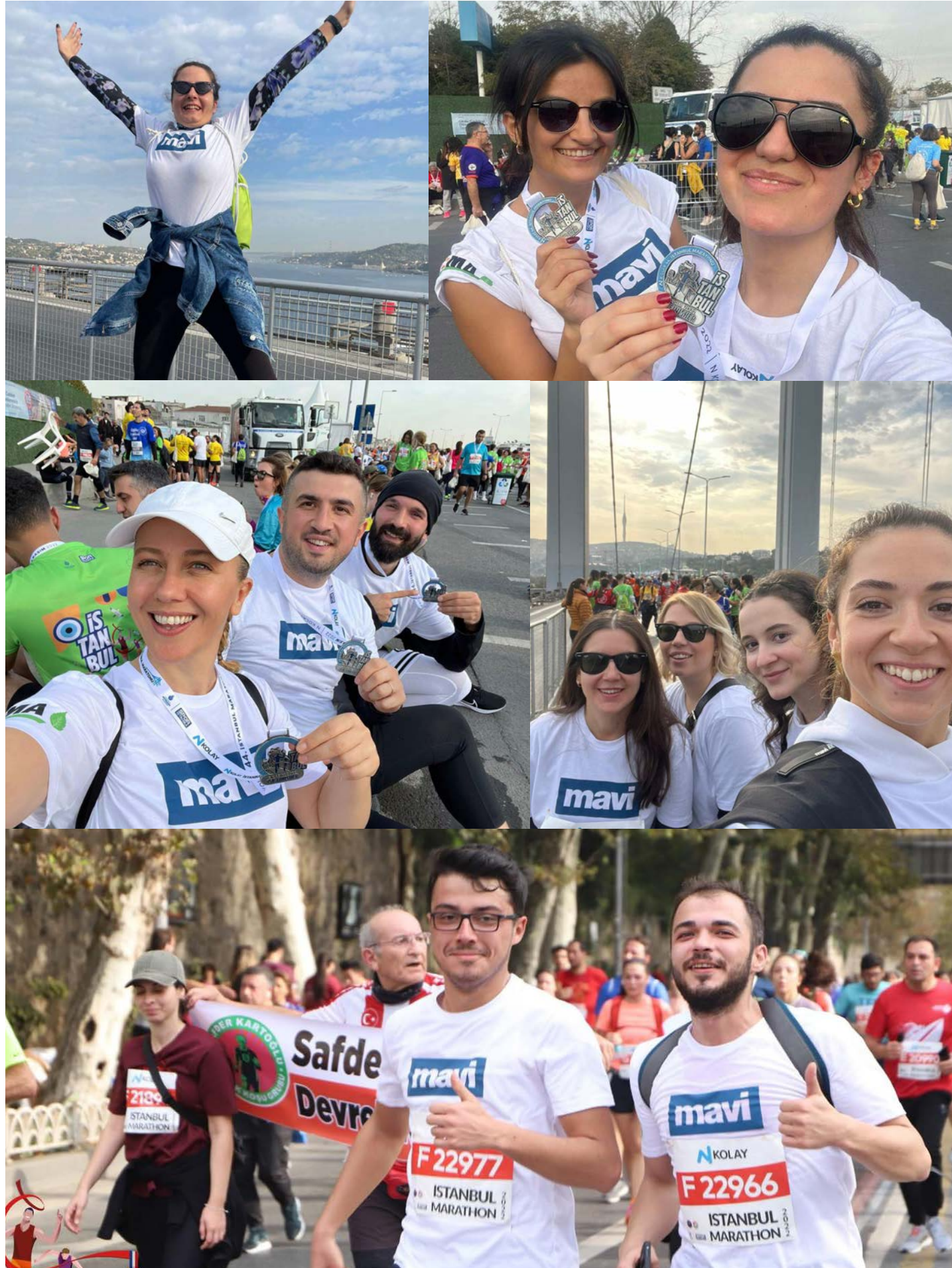
After designing T-shirts and jeans with the "Miav" logo, a word play on the brand name to mean the meows of cats, Mavi continued to protect animals with the Miav cat houses. The special project, which involved transforming unused shelves in the stores into cat houses for the stray animals, succeeded in helping more furry friends on the streets.

With the proceeds from the sales of Miav jeans and T-shirts, the company supports ENCANDER (Association for Protecting Animals with Disabilities and in Need), the association that works to meet the needs of stray and disabled animals and takes care of animals in need. With 472 cat and 50 dog houses placed around its stores and various locations across Turkey, the company aimed for stray animals to spend the winter in their warm homes and the project was welcomed with great interest by animal lovers.

BlindLook Partnership

Mavi partnered with BlindLook, the startup that develops technological solutions for a visually accessible world, to make mavi.com and Mavi App accessible to people with visual impairment. Mavi became the first blind-friendly fashion brand to join BlindLook's global EyeBrand network, committing to an accessible and inclusive life. Thanks to this partnership, 285 million visually impaired people may have an inclusive fashion and shopping experience on mavi.com and the Mavi App. The application enables the visually impaired users to complete their online shopping with Mavi by using voice commands without the support of anyone else and easily access all information and content.





Mavi's Other Activities for Social Benefit

- On April 23rd, National Sovereignty and Children's Day, Mavi supported the music, painting, dance, game and invention workshops organized by the SosyalBen Foundation to contribute to the social development of children.
- On Mother's Day, Mavi supported AÇEV's (Mother Child Education Foundation), programs to empower mothers and on Father's Day, the father support program.
- In the 44th Istanbul Marathon, The Mavi Running Team ran for charity and raised funds for the Tree Fellowship project of TEMA Foundation. The donations collected contributed to educating children about the environment and planting saplings on behalf of children in the Hayrettin Karaca Tree Fellowship Forest.
- To mark the arrival of 2023, Mavi supported UNICEF's "Leader Girls of the Future" program, which aims to empower girls and to promote gender equality, encouraging both Mavi employees and stakeholders to contribute to the program.

4.9 MAVI'S SUSTAINABILITY JOURNEY

2006

- » Mavi became one of the first brands worldwide to start the organic cotton movement with the Mavi Organic collection made with 100% organic Aegean cotton.

2010

- » Innovative and sustainable materials such as TENCEL™ and modal were introduced in the Mavi Premium line.
- » Mavi Kids T-shirt collection made with 100% organic cotton was launched.

2014

- » Indigo Turtles project was launched in partnership with the Ecological Research Society (EKAD) to protect the endangered sea turtles.
- » Indigo Turtles T-shirt collection was created with 100% organic cotton. Mavi customers began to support the efforts to protect baby sea turtles with each T-shirt they purchased.

2017

- » Mavi replaced the light bulbs in the stores with energy-saving LED luminaires.
- » Social compliance guidelines were shared with the suppliers and social compliance audits started.
- » Mavi started trading on Borsa Istanbul following the IPO.

2018

- » Mavi partnered with the eco-friendly material producer Lenzing and started using TENCEL™ branded lyocell and modal fibers.
- » Mavi's social compliance statement was added to the agreements, which the suppliers were asked to sign.

2019

- » Mavi's sustainable, eco-friendly products were grouped under the All Blue collection.
- » Leather was completely eliminated from back labels of jeans, which became all vegan.
- » Paper used in all product labels was reduced by half, shifting to recycled materials.
- » Packaging materials used in shipments of online orders dropped from three to one, both in number and type.
- » Remote Energy Management System based on instant monitoring was launched in partnership with Reengen in 10 pilot stores.
- » Lighting fixtures in stores were replaced with LED luminaires for energy savings.
- » Mavi All Blue won in the "Most Sustainable Collection" category at the Rivet Awards.
- » Supplier Code of Conduct was published.

2020

- » Mavi became the first Turkish apparel brand to disclose its carbon footprint transparently. With the first report submitted to the CDP's Climate Change Program, Mavi received a score of B, outperforming the global industry average.
- » Mavi earned A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- » The sustainable All Blue collection doubled in scope and variety.
- » All Blue collection was expanded with 100% organic cotton, eco-friendly T-shirts.
- » Mavi collaborated with Coca-Cola for an exclusive collection made with organic cotton and sustainable recycled materials.
- » Life Cycle Assessment (LCA) studies started.
- » Mavi switched to renewable energy at the head office and the stores with controlled meters.
- » Mavi signed UN Global Compact.
- » Materiality analysis was completed.
- » Sustainability Committee and working groups were formed.
- » Activities to determine the sustainability strategy and goals began.

2021

- » Jeans made from recycled plastic bottles were introduced with the Mavi Pro Sport Repreve® collection and the "Mavi Transformation Launched" ad campaign was launched.
- » The sustainable Les Benjamins x Mavi collection was designed and produced with organic, recycled, and eco-friendly materials in collaboration with the luxury streetwear brand Les Benjamins.
- » The use of sustainable fibers was extended further with a global partnership with TENCEL™.
- » Better Cotton Initiative-certified cotton was used in the special 30th anniversary Maviterranean collection.
- » OCS (Organic Content Standard) and RCS (Recycled Claim Standard) certifications were obtained.
- » First reports were submitted to the CDP Water Security and Forests Programs. Mavi became the first and only Turkish company to report to the CDP Forests Program in Turkey. With the 2021 report submitted to CDP's Climate Change Program, Mavi received a score of B, outperforming the global industry average, and an A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- » The Remote Energy Management System with Reengen was deployed in all Mavi stores.
- » [Women's Empowerment Principles \(WEPs\), the joint initiative of UNGC and UN Women, was signed.](#)
- » [Mavi joined the 30% Club, the initiative that aims for diversity in business.](#)
- » [CEO Water Mandate was signed.](#)
- » [Mavi CEO Cüneyt Yavuz entered the Fast Company Sustainability Leaders 50 Survey list at 18th place.](#)
- » [Board Diversity, Human Rights, Diversity and Inclusion, Biodiversity, Environment and Energy, Forest and Paper Products, and Animal Welfare policies were published.](#)
- » [All Blue won in the "Best Sustainable Collection" category at the Rivet x Project Awards for the second time.](#)

2022

- » Being the first and only apparel brand from Turkey to be included in the 2022 Climate Change A List by CDP, the world's largest environmental disclosure platform, and receiving a score of B in the 2022 CDP Forests Program and CDP Water Security Program.
- » Becoming a member of the Better Cotton program.
- » Mavi Hemp Denim, the most sustainable jeans collection of Mavi, was created with hemp fibers that consume minimum water, recycled cotton, seams and trims and bio-based nutshell buttons.
- » Esra Gülmen X Mavi, a collaborative collection with the artist Esra Gülmen, was launched, using production methods that consume less water and energy and designed with vegan and recycled labels.
- » Mavi and Freedom of Space created an exclusive collection with sustainable Better Cotton-certified fabrics, innovative printing techniques and sustainable components.
- » Winning its fourth award in the "Best Sustainable Collection" category at the Rivet Awards, this time for its hemp and recycled cotton products.
- » Mavi Pro Sport Repreve collection won the Special Recognition Award at "Unifi Repreve Champions of Sustainability".
- » Mavi Hemp Denim recognized with the "Climate Friendly Collection" award at the Elle Green Awards.
- » Receiving ISO 14001 Environmental Management System certification for its Turkey head office building.
- » [Partnering with BlindLook to enable visually impaired users to complete their online shopping with Mavi by using voice commands without the support of anyone else.](#)
- » [Mavi published its first sustainability report, disclosing the sustainability strategy and goals.](#)
- » [Being included in Borsa Istanbul Sustainability Index in recognition of its sustainability performance.](#)
- » [Mavi CEO Cüneyt Yavuz moving up to the 16th place in the Fast Company Sustainability Leaders 50 Survey list.](#)

2023

- » [Mavi's greenhouse gas emission reduction targets were validated by the Science-Based Targets initiative \(SBTi\).](#)
- » [Mavi's Supplier Engagement Score has increased to A with CDP 2022.](#)
- » [The Rivet x Project Awards named Mavi the winner of the "Best Sustainability" category for the Recycled Blue and Pro Dark Tech lines, marking the brand's fifth win to date.](#)
- » [Mavi was included in the BIST Sustainability 25 Index, whose constituents are publicly traded companies with high corporate sustainability performance.](#)
- » [Mavi became a member of the Business Council for Sustainable Development Turkey \(BCSD Turkey\).](#)



4.10 PERFORMANCE INDICATORS, GRI CONTENT AND OTHER INDEXES

MEMBERSHIPS

- United Nations Global Compact (UNGC)
- United Nations Women's Empowerment Principles (WEPs)
- CEO Water Mandate
- Better Cotton
- 30% Club
- Yanındayız Association
- United Brands Association of Turkey (BMD)
- Ethics and Reputation Society (TEİD)
- Turkish Investor Relations Society (TÜYİD)
- Corporate Governance Association of Turkey (TKYD)
- The Institute of Internal Auditing – Turkey (TİDE)
- Istanbul Chamber of Commerce
- Business Council for Sustainable Development Turkey (BCSD Turkey)

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Communication Methods
Employees	Maviletiřim and Maviconnect internal communication portals, digital channels (website and social media platforms), internal meetings (Massmavi, Management Forum, Go meetings, etc.), info mailings, employee engagement and satisfaction surveys, campaign impact surveys, volunteering activities, social clubs, field visits, annual reports, and sustainability reports
Customers	Sales points (stores, mavi.com, and marketplaces), digital channels, call center, satisfaction surveys, annual reports and sustainability reports, media coverage
Suppliers	Supplier meetings, field visits, audits, innovation projects, annual reports and sustainability reports, digital channels
Franchisees	Franchisee meetings, field visits, one-to-one meetings, annual reports and sustainability reports, digital channels
Shareholders, Investors, and Analysts	General Assembly meetings, material event disclosures, press releases, one-to-one meetings and correspondence, broker and bank reports, periodic briefings, annual reports and sustainability reports, digital channels
Non-Governmental Organizations	Social responsibility projects, one-to-one meetings, participation in meetings and working groups, seminars and conferences, annual reports and sustainability reports, digital channels
Universities	Training programs, internship programs, career days, conferences, Mavi Scholarship Fund, industry-specific projects, digital channels, annual reports, and sustainability reports
Media	Press conferences and launch events, special features and interviews, press releases, digital channels, annual reports, and sustainability reports

PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

Employee statistics under this section are compiled at the end of each year with head count methodology.

Employees by Gender and Category	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Total employees	2,209	1,877	2,211	1,849	2,976	2,135	3,316	2,354
Head office employees	426	301	418	296	477	324	558	365
Store employees	1,783	1,576	1,793	1,553	2,499	1,811	2,758	1,989
Employees with disabilities	14	69	16	73	24	78	32	104
Under 30 years old	1,784	1,391	1,727	1,281	2,450	1,555	2,742	1,789
30 to 50 years old	413	465	466	543	507	553	552	540
Over 50 years old	12	21	18	25	19	27	22	25
Employees in revenue generating functions	1,828	1,644	1,834	1,629	2,541	1,885	2,813	2,063
Total employees	4,086		4,060		5,111		5,670	

Employees by Type of Employment	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Full-time	1,482	1,380	1,422	1,368	1,650	1,404	1,840	1,528
Part-time	727	497	789	481	1,326	731	1,476	826

Employees by Location	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
United States of America	33	23	37	28	42	29	51	29
Canada	49	25	43	23	50	24	55	26
Russia	84	46	97	44	101	45	100	45
Europe	40	27	33	26	34	28	32	20
Turkey	2,003	1,756	2,001	1,728	2,749	2,009	3,078	2,234

Subcontractor Employees by Gender	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Subcontractor employees by gender - total	20	82	18	91	12	104	24	96
Subcontractor Employees by Type of Employment	2019		2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Subcontractor employees by type of employment - total	92	10	97	12	43	73	41	79

Employees by Tenure	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	1,781	1,472	1,715	1,338	2,423	1,615	2,739	1,843
5-10 years	332	318	377	395	427	389	116	114
10+ years	96	87	119	116	126	131	461	397

Newly Hired Employees*	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Newly hired employees - total	58	30	45	26	98	36	108	48
Under 30 years old	40	13	31	13	65	14	72	30
30 to 50 years old	18	17	14	13	33	22	36	18
Over 50 years old	0	0	0	0	0	0	0	0

*Number of newly hired employees refers only to Turkish operations.

Employee Turnover*	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees who left the organization	1,326	978	662	557	1,666	1,190	2,432	1,685
Under 30 years old	1,264	903	618	519	1,564	1,061	2,320	1,560
30 to 50 years old	62	74	44	37	102	129	111	124
Over 50 years old	0	1	0	1	0	0	1	1

*Number of employees who left the organization refers only to Turkish operations.

Managers and Executives by Gender and Age	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	63	77	215	222	296	248	361	290
30 to 50 years old	176	212	244	307	349	378	368	390
Over 50 years old	1	8	4	12	8	12	11	11
All employees with manager titles	324	359	463	541	653	638	740	691
Junior-level managers	227	289	338	414	421	433	469	463
Mid-level managers	51	32	62	33	73	49	57	38
Senior-level managers	46	38	51	34	57	44	61	50
Board of directors	1	5	1	5	2	4	2	4

Performance Management	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees subjected to regular performance and career development reviews	288	194	294	185	307	210	333	200
Employees assessed according to measurable goal realization	288	194	294	185	307	210	333	200

Parental Leave*	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees who took parental leave – total	59	0	42	0	68	0	91	0
Employees who returned to work after parental leave – total	42	0	38	0	65	0	80	0

*Number of employees who took parental leave and returned to work later refers only to the Turkish operations.

Training Times - Stores*	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Total training time	26,691	24,808	28,451	25,897	57,036	45,226	61,202	44,405
Average training time per employee	15.77	15.77	16.25	16.25	26.72	26.72	22.68	22.68

*Training time covers only Turkish operations.

Training Times - Head Office*	2019		2020		2021		2022	
	Total		Total		Female	Male	Female	Male
Total training time	7,583		2,157		7,492	3,900	11,176	5,758
Average training time per employee	-	-	-	-	15.70	12.00	20.00	15.80

*Training time covers only Turkish operations.

OHS Training*	2019	2020	2021	2022	
	Total	Total	Total	Female	Male
Total training time	8,264	4,984	27,576	21,080	13,056
Average training time per employee	8	8	8	8	8

*Training time covers only Turkish operations.

OHS Training - Subcontractors*	2019	2020	2021	2022	
	Total	Total	Total	Female	Male
Total training time	3,212	4,524	736	32	592
Average training time per employee	8	8	8	8	8

*Training time covers only Turkish operations.

Work Health and Safety*	2019	2020	2021	2022
Injury cases (employees)	0	1	25	83
Injury cases (subcontractors)	0	0	0	0
Injury cases (total)	0	1	25	83
Lost time accidents (employees)	6	1	25	34
Lost time accidents (subcontractors)	0	0	0	0
Lost time accidents (total)	6	1	25	34
Fatalities (employees)	0	1	0	0
Fatalities (subcontractors)	0	0	0	0
Fatalities (total)	0	1	0	0
Accidents (employees)	40	48	72	107
Accidents (subcontractors)	23	22	1	0
Accidents (total)	63	70	73	107
Injury rate (IR) (employees)	0.54	0.09	3.88	4.52
Injury rate (IR) (subcontractors)	0	0	0	0
Injury rate (IR) (total)	0.50	0.08	3.10	4.42
Lost days (employees)	36	71	119	240
Lost days (subcontractors)	0	0	0	0
Lost days (total)	36	71	119	240
Lost day rate (LDR) (employees)	0.65	1.30	3.69	6.39
Lost day rate (LDR) (subcontractors)	0	0	0	0
Lost day rate (LDR) (total)	0.60	1.18	2.95	6.25
Occupational disease cases (employees)	0	0	0	0
Occupational disease cases (subcontractors)	0	0	0	0
Occupational disease cases (total)	0	0	0	0

*Work Health and Safety metrics are only valid for Turkish operations. Formulas used for OHS metrics can be seen on page 105.

ENVIRONMENTAL PERFORMANCE INDICATORS

GHG emissions were calculated according to GHG Protocol.

GHG Emissions*	Unit	2019	2020	2021	2022
Scope 1'	ton CO ₂ eq.	2,423.20	2,444.49	2,403.21	1,759.86
Scope 2' (market-based)	ton CO ₂ eq.	4,583.14	1,684.52	10.42	11.50
Scope 3	ton CO ₂ eq.	182,420.68	140,863.61	179,386.51	241,729.55
Total	ton CO ₂ eq.	189,427.03	144,992.62	181,800.15	243,500.90
Emissions within the scope of approved SBTi target (Scope 1 + 2)	ton CO ₂ eq.	7,006.35	4,129.01	2,413.63	1,771.36
Emissions within the scope of approved SBTi target (Scope 3)	ton CO ₂ eq.	159,198.73	121,414.81	156,808.88	216,063.60
GHG emission reduction rate compared to the base year 2019 (Scope 1 + 2)	%	-	41.07%	65.55%	74.72%
GHG emission reduction rate compared to the base year 2019 (Scope 3 - Purchased Goods and Services only, per TL value added)	%	-	7.66%	41.66%	65.97%
Scope 3 - Purchased products and services	ton CO ₂ eq.	159,198.73	121,414.81	156,808.88	216,063.60
Scope 3 - Fuel and energy related activites	ton CO ₂ eq.	1,929.65	1,458.88	1,262.93	1,301.04
Scope 3 - Upstream transportation and distribution	ton CO ₂ eq.	3,567.79	2,247.77	3,755.57	3,581.07

Scope 3 – Waste generated in operations	ton CO ₂ eq.	63.06	48.10	64.36	70.59
Scope 3 – Business travel	ton CO ₂ eq.	452.32	192.57	295.87	626.61
Scope 3 – Employee commuting	ton CO ₂ eq.	341.60	310.46	318.87	399.58
Scope 3 – Upstream leased assets	ton CO ₂ eq.	8,253.54	8,093.34	8,253.54	8,463.31
Scope 3 – Franchises	ton CO ₂ eq.	1,703.20	1,029.50	1,343.48	1,228.39
Scope 3 – End of life treatment of sold products	ton CO ₂ eq.	6,910.80	6,068.17	7,283.02	9,995.36
GHG intensity. (Scope 1+2 per revenues in mio TL)	ton CO ₂ eq.	2.45	1.72	0.52	0.17

*1Scope 1 and 2 emissions cover operations in Turkey, USA, Canada, EU and Russia. Scope 1 includes natural gas and fuel consumption, emissions from air conditioning gas leaks while Scope 2 includes emissions from purchased electricity. Scope 2 emissions for the years 2019 to 2022 was recalculated using the official electricity carbon footprint coefficient. GHG category End-of-life processes for products sold was added during the SBTi approval process and are included in the inventory with the assumption that these products end up in landfills.

Energy ¹	Unit	2019	2020	2021	2022
Non renewable fuel consumption	MWh	3,589.88	2,805.81	3,312.21	3,875.29
Renewable electricity consumption	MWh	0,00	4,912.37	10,392.55	11,327.55
Non renewable electricity consumption	MWh	10,433.06	3,843.18	40.51	44.84
Total energy consumption	MWh	14,022.94	11,561.36	13,745.27	15,247.67
Energy intensity (per revenue)	MWh / mio TL	4.90	4.81	2.98	1.44

*1Energy consumption table only covers energy use related to Scope ¹ and ² GHG emissions.

Raw Materials and Other Materials Used in Packaging (tonnes)	2019	2020	2021	2022
Paper	-	1,895.57	2.544.13	3,051.69
Plastic	-	131.00	178.33	65.94
Glass	-	23.02	62.03	58.97

Waste Quantity (tonnes)	2019	2020	2021	2022
Total hazardous waste	-	2,308.39	3,010.41	3,311.49
Total non-hazardous waste	-	1.24	0.33	0.53
Recycled waste	361.19	370.65	608.68	382.50
Burned waste	165.23	260.04	226.25	124.94

Water Withdrawal Quantity (m³)	2019	2020	2021	2022
Municipal water	-	9,422	6,338	10,368

INDEX

UNGC REFERENCES

Impact Area	Principles	Related Section in the Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
	Principle 5: Businesses should uphold the effective abolition of child labor.	
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Better.Protect – Tackling Climate Crisis & Ecosystem Restoration
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance – Business Ethics

WEPs REFERENCES

Principles	Related Section in the Report
Principle 1: Establish high-level corporate leadership for gender equality.	Better.Empower – Equal Opportunity and Diversity
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination.	
Principle 3: Ensure the health, safety and well-being of all women and men workers.	
Principle 4: Promote education, training, and professional development for women.	
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.	
Principle 6: Promote equality through community initiatives and advocacy.	
Principle 7: Measure and publicly report on progress to achieve gender equality.	

GRI CONTENT INDEX

The information is reported in accordance with the GRI Standards for the period from February 1, 2022 to January 31, 2023.
GRI: Foundation 2021 is used as GRI 1

GRI 2: GENERAL DISCLOSURES 2021			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
The organization and its reporting practices			
GRI 2-1	Organizational details	5 - 9, 220	
GRI 2-2	Entities included in the organization's sustainability reporting	54, 171 - 179	
GRI 2-3	Reporting period, frequency and contact point	54	
GRI 2-4	Restatements of information	171 - 179	
GRI 2-5	External assurance	External assurance process in place for GHG emissions. CDP Climate Change 2022 External Assurance	
Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	110 - 111	
GRI 2-7	Employees	171 - 176	
GRI 2-8	Workers who are not employees	171 - 176	
Governance			
GRI 2-9	Governance structure and composition	202 - 207, 212 - 220	
GRI 2-10	Nomination and selection of the highest governance body	Board Diversity Policy	
GRI 2-11	Chair of the highest governance body	213	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Duties and Working Principles of The Sustainability Committee	
GRI 2-13	Delegation of responsibility for managing impacts	202 - 207	
GRI 2-14	Role of the highest governance body in sustainability reporting	Duties and Working Principles of The Sustainability Committee	
GRI 2-15	Conflicts of interest	Mavi Code of Conduct	

GRI 2-16	Communication of critical concerns	207 - 211	
GRI 2-17	Collective knowledge of the highest governance body	213 - 215	
GRI 2-18	Evaluation of the performance of the highest governance body	237	
GRI 2-19	Remuneration policies	Remuneration Policy	
GRI 2-20	Process to determine remuneration	93	
GRI 2-21	Annual total compensation ratio		Confidential
Strategy, policies and practices			
GRI 2-22	Statement on sustainable development strategy	219 - 220	
GRI 2-23	Policy commitments	Mavi Code of Conduct Human Rights Policy 169, 180 - 181	
GRI 2-24	Embedding policy commitments	Mavi Code of Conduct Human Rights Policy Duties and Working Principles of The Sustainability Committee	
GRI 2-25	Processes to remediate negative impacts	Mavi Code of Conduct	
GRI 2-26	Mechanisms for seeking advice and aising concerns	207 - 211	
GRI 2-27	Compliance with laws and regulations	221	
GRI 2-28	Membership associations	169	
Stakeholder engagement			
GRI 2-29	Approach to stakeholder engagement	75, 170	
GRI 2-30	Collective bargaining agreements		No employees under a collective bargaining agreement.

GRI 3: MATERIAL TOPICS 2021			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-1	Process to determine material topics	75	
GRI 3-2	List of material topics	77	
Material Topic: Water And Wastewater			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	78 - 81	
GRI 303: Water and Effluents 2018			
GRI 303-1	Interactions with water as a shared resource	Mavi CDP Water Security 2022 2	
GRI 303-5	Water consumption	179	
Material Topic: Customer Satisfaction			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	78 - 79	
	Customer satisfaction policy	Customer Satisfaction Policy	
	Number of loyalty program members	49	
	Number of active loyalty program members	49	
	Percentage of retail revenues attributed to loyalty program	49	
	Number of new customers	49	
Material Topic: R&D And Innovation			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	78 - 79	
	% of revenues allocated to R&D	145	
	% increase of revenues generated from products in All Blue collection	145	
	Number of employees in the R&D department	145	

Material Topic: Raw Material Management			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	78 - 79	
GRI 301: Materials 2016			
GRI 301-1	Materials used by weight or volume	121	
GRI 301-2	Recycled input materials used	121	
GRI 204: Procurement Practices 2016			
GRI 204-1	Proportion of spending on local suppliers	72	
	% of sustainable alternatives used for fibers	155	
Material Topic: Brand Reputation			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	78 - 79	
	Awards received during the financial year	50 - 51	
Material Topic: Human Rights And Fair Working Conditions			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	80 - 81	
GRI 205: Anti-corruption 2016			
GRI 205-2	Communication and training about anti-corruption policies and procedures	Mavi Code of Conduct	
GRI 205-3	Confirmed incidents of corruption and actions taken	209 - 210	
GRI 401: Employment 2016			
GRI 401-1	New employee hires and employee turnover	173	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	93, 95	
GRI 401-3	Parental leave	89	

GRI 403: Occupational Health and Safety 2018			
GRI 403-1	Occupational health and safety management system	107 - 108	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	107 - 108	
GRI 403-3	Occupational health services	107 - 108	
GRI 403-4	Worker participation consultation and communication on occupational health and safety	107 - 108	
GRI 403-5	Worker training on occupational health and safety	107 - 108	
GRI 403-6	Promotion of worker health	107 - 108	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107 - 108	
GRI 403-8	Workers covered by occupational health and safety management system	107 - 108	
GRI 403-9	Work-related injuries	176	
GRI 403-10	Work-related ill health	176	
GRI 404: Training and Education 2016			
GRI 404-1	Average hours of training per year per employee	97	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	97 - 105	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	174	
GRI 405: Diversity and Equal Opportunity 2016			
GRI 405-1	Diversity of governance bodies and employees	171 - 172	
GRI 405-2	Ratio of basic salary and remuneration of women to men	86	
GRI 407: Freedom of Association and Collective Bargaining 2016			
GRI 407-1	Operations and suppliers at significant risk for incidents of freedom of association and collective bargaining	113 - 115	

GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	113 - 115	
GRI 409: Forced or Compulsory Labor 2016			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	113 - 115	
GRI 414: Supplier Social Assessment 2016			
GRI 414-1	New suppliers that were screened using social criteria	113 - 115	
GRI 414-2	Negative social impacts in the supply chain and actions taken	113 - 115	
Material Topic: Climate Change And Energy			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	80 - 81	
GRI 302: Energy 2016			
GRI 301-1	Energy consumption within the organization	178	
GRI 301-3	Energy intensity	178	
GRI 301-4	Reduction of energy consumption	123 - 125, 178	
GRI 305: Emissions 2016			
GRI 305-1	Direct (Scope 1) GHG Emissions	177 - 178	
GRI 305-2	Energy indirect (Scope 2) GHG Emissions	177 - 178	
GRI 305-3	Other indirect (Scope 3) GHG Emissions	177 - 178	
GRI 305-4	GHG Emissions intensity	177 - 178	
GRI 305-5	Reduction of GHG Emissions	177 - 178	
Material Topic: Wastes			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	80 - 81	

GRI 306: Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	131	
GRI 306-2	Management of significant waste-related impacts	131	
GRI 306-3	Waste generated	179	
GRI 306-4	Waste diverted from disposal	179	
GRI 306-5	Waste directed to disposal	179	
Material Topic: Chemicals Management			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	80 - 81	
OTHER TOPICS			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 201: Economic Performance 2020			
GRI 201-1	Direct economic value generated and distributed	5	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Mavi CDP Climate Change 2022, Page 3-7	

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Sustainability Principles Compliance Outline		COMPLIANCE STATUS				EXPLA-NATION	ANNUAL REPORT WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY (PAGE NO./LINK)
		YES	NO	PARTIAL	N/A		
A. General Principles							
A1. Strategy, Policy and Goals							
A.1.1	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them.	X					54 – 81
	For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	X					Mavi – Policies
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.	X					68 – 71
A2. Implementation / Monitoring							
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	X					Mavi Sustainability Committee Duties and Working Principles
	Committees/units in charge should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	X					Mavi Sustainability Committee Duties and Working Principles
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short- and long-term goals determined as above.	X					68 – 71
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	X					68 – 71, 171 – 179
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	X					54 – 181

A3. Reporting							
A3.1	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	X					68 - 71
A3.2	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	X					68 - 71
A3.3	It should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	X					181 - 221
A4. Verification							
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.	X					External assurance process in place for GHG emissions. CDP Climate Change 2022 External Assurance
B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	X					181 - 221
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	X					54
B3	Provided in A2.1.	X					
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.						92, 95
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	X					78 - 81
B6	Provided in A2.4.						
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	X					78 - 81

B8	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	X					78 - 81, 169
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)], air quality, energy management, water and waste water management, waste management, biodiversity effects].	X					177 - 179
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	X					177 - 179
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	X					177 - 179
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	X					69, 177 - 178
B13	Should disclose its strategy and actions for fight against climate crisis.	X					119 - 128
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	X					127
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	X					128
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	X					123
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	X					177

B17	Should provide information about electricity, heat, steam and cooling generated and consumed in the reporting year.	X					178
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	X					123
B19	Should disclose its renewable energy generation and consumption data.	X					123, 178
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	X					123
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	X					129 - 131
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	X				Mavi is not included in any carbon pricing schemes. Developments are monitored.	Mavi 2022 CDP Climate Change, p. 35
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.	X				There is no accumulated or purchased carbon credit.	Mavi 2022 CDP Climate Change, p. 36
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	X					Mavi 2022 CDP Climate Change, p. 36
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	X					119

C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labor issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	X					Human Rights Policy
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	X					Diversity and Inclusion Policy Supplier Code of Conduct
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	X					113 - 114
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	X					113 - 114
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management.	X					Mavi's People and Its Principles Severance Policy Remuneration Policy
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	X					Mavi's People and Its Principles
	Regularly declares its activities aimed at employee satisfaction.	X					Mavi's People and Its Principles 89, 104
C1.6	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	X					107 - 108

C1.7	Should formulate and disclose to public its personal data protection and data security policies.	X					Data Protection Policy Privacy Notice
C1.8	Should formulate and disclose its ethics policy.	X					Mavi's People and Its Principles Supplier Code of Conduct
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	X					158 - 163
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	X					98
C2. Stakeholders, International Standards and Initiatives							
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints	X					Customer Satisfaction Policy
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	X					170
C2.3	Should disclose international reporting standards it has adopted.	X					Mavi 2022 CDP Climate Change, p.18 54
C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	X					169
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	X					Mavi is included in BIST Sustainability Index and BIST Sustainability 25.
D. Corporate Governance Principles							
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	X					198 - 247
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	X					158 - 163

05

CORPORATE GOVERNANCE

- 5.1 Declaration of Compliance with Corporate Governance Principles
- 5.2 Explanations Regarding Corporate Governance
- 5.3 Board of Directors
- 5.4 Risk Management
- 5.5 Internal Control System and Internal Audit
- 5.6 Board of Directors' Discussion and Analysis
- 5.7 Legal Disclosures
- 5.8 Responsibility Statement
- 5.9 Related Party Transactions Report
- 5.10 Corporate Governance Compliance Report and Information Form

CORPORATE GOVERNANCE

Mavi's corporate culture is defined by remaining close to its customers, being passionate for its product quality, earning the trust of its employees, and building long-term partnerships. Mavi conducts its operations with a corporate governance and sustainability approach based on the principles of transparency, fairness, responsibility, and accountability. Mavi continues to design its corporate governance processes to enable transparency for both internal and external shareholders. In determining its corporate governance strategy, Mavi considers the sustainability principles and the environmental impact of its operations.

Since the introduction of an organizational structure dedicated to sustainability in 2020, Mavi has made strides in managing its business processes with an integrated approach and in line with measurable targets in 2022.

5.1 DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Mavi began trading on Borsa Istanbul on June 15, 2017 and has been subject to CMB regulations since then. As a matter of policy, Mavi fully complies with the mandatory principles set out in the Corporate Governance Communiqué No. II-17.1. Mavi also aims to achieve full compliance with non-mandatory corporate governance principles and currently works on the principles that have yet to be implemented.

The Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") pertaining to the Company's special accounting period of February 1, 2022-January 31, 2023 have been prepared in accordance with the presentation principles laid out by the CMB's resolution no. 2/49 dated January 10, 2019, published in the CMB Weekly Bulletin, and duly approved by the Company's Board of Directors.

The non-mandatory Corporate Governance principles – marked "partial" or "no" in the above mentioned Corporate Governance Compliance Report (URF) published on the Public Disclosure Platform – that Mavi has yet to implement are indicated below, along with their respective descriptions. Mavi has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

Article 1.3.10. Donations made by the Company during the reporting year are disclosed in a separate agenda item in the General Assembly Meeting as an overall figure without the details of the beneficiaries of such donations.

Article 1.5.2. Under the Articles of Association, minority rights are not granted to shareholders who hold less than one twentieth of the capital and in line with general practices, minority shareholders hold rights accorded by the general provisions of law.

Article 3.1.3. Policies that address stakeholders’ rights are published on the corporate website while other procedures are provided on Maviletişim, the internal disclosure platform.

Article 4.4.7. The Board members are made sure to allocate sufficient time to company business and are not restricted in terms of assuming other positions outside the company. Considering the professional and sector-specific experience that the members bring to the Board of Directors, imposing restrictions on their external duties is not deemed necessary. The Board members’ résumés and the duties they hold outside the company are presented to the shareholders before the General Assembly Meeting.

Article 4.5.5. Considering various factors such as the volume of operations and administrative needs, Mavi has determined the number of independent members to serve on the Board of Directors as three. Currently, the Board has three committees. Given that the committee chairs are required to be independent members according to the relevant principle, these independent directors serve on multiple committees. These committee assignments do not give rise to any conflicts of interest within the Company.

Article 4.6.1. A specific performance appraisal has not been conducted on Board level.

Article 4.6.5. The remunerations of the Board members are determined by the General Assembly. Furthermore, remunerations of Board members and senior executives are disclosed to the public in the Company’s financial table notes as a total figure in line with general practices.

In 2022, all corporate governance practices, the Ordinary General Assembly process, and the Board committees’ activities were carried out in accordance with the Capital Markets Law, which includes the CMB’s corporate governance principles and the communiqués based on this Law.

5.2 EXPLANATIONS REGARDING CORPORATE GOVERNANCE

Shareholders

The Investor Relations Department is responsible for informing the local and foreign investors in an accurate, consistent and timely manner (while protecting trade secrets and confidential information and avoiding asymmetrical dissemination of information), elevating

the Company’s profile and credibility, ensuring two-way communication and information flow between the Board of Directors and the capital markets regulators and participants, complying with legislation and the Articles of Association related to shareholder rights, and fulfilling the public disclosure obligations in accordance with applicable legislation and the Company’s Disclosure Policy. The Investor Relations Department reports directly to the CFO.

No discrimination is made among shareholders in terms of exercising the right to view and request information, and all information, other than those considered trade secrets, is disseminated to shareholders in accordance with the company’s Disclosure Policy to avoid inequality in obtaining information.

The Investor Relations Department promptly responds to shareholders’ and other stakeholders’ information requests and questions via various channels and the most effective means of communication. Furthermore, in order to enable shareholders to exercise their right to information in the most efficient manner, the Department maintains an Investor Relations tab on the corporate website (mavicompany.com) – also linked from the official website (www.mavi.com) – where investors and other stakeholders are provided with all publicly available financial and operational data, all the company’s material event disclosures, and public announcements and notifications. The website is available in English and Turkish. Additionally, individuals or institutions may subscribe to the Investor Relations Department’s mailing list to receive emails about the company’s latest operational and financial announcements.

In the special accounting period from February 1, 2022 to January 31, 2023, the Investor Relations Department attended nine online and in-person investor conferences to share Mavi’s financial, operational, and strategic developments with investors and analysts. At these events and in further meetings, the company engaged with 335 investors and analysts from 107 local or international institutions and funds. Furthermore, throughout the year, the Department held four webcasts to present the quarterly earnings releases to the investors and analysts. The recordings and transcriptions of the webcasts, presentations, and the questions addressed to the management as well as the answers were duly posted on the corporate website for the investors and analysts who were unable to participate in the events on the announced days and times.

All the requests for information received by phone or email in the special accounting period from February 1, 2022 to January 31, 2023 were answered in accordance with the company’s Disclosure Policy and in line with the publicly available information. In this period, the department also responded to the information requests of nearly 200 local investors.

The Investor Relations Department submits monthly and quarterly reports to the Board of Directors on Mavi’s stock performance and the macroeconomic and industry developments and also presents an annual report to the Corporate Governance Committee on investor

relations activities throughout the year. The Investor Relations Department regularly informs the Board of Directors on the developments about the issues raised in the investor meetings.

Contact details of the Investor Relations Department:

Duygu Inceöz
Senior Director, Investor Relations
Phone: +90 (212) 371 20 29
Email: Duygu.inceoz@mavi.com

Board of Directors

The Board of Directors is primarily responsible for defining the company’s strategic targets, determining the workforce and financial resources needed, and overseeing the performance of the executive management. The Board of Directors consists of two types of members: executive members and non-executive members. Non-executive members, free of any other administrative duties at the company, will constitute the majority of Board members.

The company is governed and represented by a Board of Directors consisting of six members. Half of Mavi’s Board members are elected from among candidates nominated by Class-A shareholders. The Chairperson of the Board of Directors is elected from among the Board members nominated by Class-A shareholders.

A sufficient number of independent members are appointed to the Board of Directors by the General Assembly, in line with the principles concerning independence of the members of Boards of Directors, as set out in the CMB’s Corporate Governance Principles. In the special accounting period from February 1, 2022 to January 31, 2023, no circumstances that would impair the independence of the independent members occurred.

In line with Mavi’s Board Diversity Policy, the company aims to increase the female membership ratio in its Board of Directors to one-third by 2024 and to maintain this ratio thereafter. Accordingly, two women were elected to the Board of Directors at the General Assembly Meeting on April 28, 2021.

The agenda of the Board meetings are determined by the Chairperson, or the Vice Chairperson in the absence of the Chairperson, by considering the executive management’s suggestions. The Board convenes and/or passes resolutions as and when the company’s affairs necessitate upon the request of the Chairperson or the Vice Chairperson in the absence of the Chairperson. In the special accounting period from February 1, 2022 to January 31, 2023, the Board of Directors convened five times and passed 295 resolutions. All members generally attend the Board meetings held in accordance with Article 390/1 of the Turkish Commercial Code. Mavi’s Articles of Association include no provisions granting

Board members casting weighted votes or vetoes in Board meetings. In the 2022 reporting period, no related party transactions or material transactions, which were disapproved by the independent members and therefore required presentation to the General Assembly for approval, took place.

The Company holds an executive liability insurance with a coverage of \$5 million, which extends to all members of the Board of Directors and the senior management of Mavi and its affiliates/ subsidiaries.

Yonca Dervişoğlu resigned from her position as an independent director on the Board of Directors on May 30, 2022. The Board of Directors, as per the recommendations of the Corporate Governance Committee and pursuant to Article 363 of the Turkish Commercial Code, appointed Ms. Zeynep Yalım Uzun to replace Ms. Yonca Dervişoğlu's vacant Independent Board Membership until the end of her predecessor's term of office, to be submitted to the approval of the first General Assembly.

Currently, the Board of Directors of Mavi consists of six members whose positions are detailed below.

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Ragıp Ersin Akarlılar	Chairman Non-executive	President – Mavi USA Head of Supervisory Board – Mavi Germany Company Secretary – Mavi Canada	–
Ahmet F. Ashaboğlu	Independent Director Non-executive	–	Board Member – DP Eurasia N.V., Yapi Kredi Bank, Hepsiburada (NASDAQ), Koç Financial Services, Koç Finansman and Sirena Marine
Ahmet Cüneyt Yavuz	Board Member Executive CEO	Supervisory Board Member – Mavi Germany	–
Fatma Elif Akarlılar	Board Member Executive Chief Brand Officer	Supervisory Board Member – Mavi Germany	–

Nevzat Aydın	Independent Director Non-executive	-	Board Member & former CEO - Yemeksepeti; Board Member - Endeavor, TOBB Young Entrepreneurs, American Turkish Society; Chairman - GEN Turkey (Global Entrepreneurship Network); Member of the Board of Trustees - Boğaziçi University; Founding Member - Galata Business Angels, WTech (Women in Technology)
Zeynep Yalım Uzun	Independent Director Non-executive	-	Non-executive Director - Doğanlar Furniture Group; Executive Board member - European Women on Boards; Board Member - Turkish Futurist Association

Board Committees and the Board of Directors' Review of the Committees' Effectiveness

The Board of Directors has established an Audit Committee, a Corporate Governance Committee and an Early Identification of Risk Committee to ensure that the Board fulfills its duties and responsibilities in a safe and sound manner. The committees carry out their duties in accordance with the specified operating principles, which are also available on the corporate website.

The Board of Directors appointed members to these committees on April 27, 2022 and disclosed the resolution on the Public Disclosure Platform (PDP). Following the resignation of Yonca Dervişoğlu from her position as an independent director, the Board of Directors has resolved on May 31, 2022 to assign the role of Corporate Governance Committee Head to Zeynep Yalım Uzun, who was appointed to the vacated independent director position.

The company has not formed a Nomination Committee or a Remuneration Committee in 2022 and the relevant functions are delegated to the Corporate Governance Committee. The Board of Directors provides all resources and extends full support to the committees for performance of their assigned duties.

Executive members are not eligible for appointment to these committees. The heads of the three Board committees and the Audit Committee members are Independent Directors.

Audit Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Head	Independent, non-executive
Nevzat Aydın	Member	Independent, non-executive

The Audit Committee oversees the company's accounting system, public disclosure of financial information, and functioning and effectiveness of the internal control system and the Internal Audit department. Accordingly, the Committee ensures that financial and operational activities are supervised, and all internal and independent audits are carried out in a healthy manner. The Committee also offers its opinion on the accuracy of financial statements and recommendations to the Board of Directors about the selection of the independent auditor, and reviews company policies related to investigations about legal compliance, ethical codes, conflicts of interest, poor management and fraudulent transactions, as well as suitability of corporate governance policies through the internal audit department.

The Audit Committee convenes at least four times a year and at least every three months at the company's head office or another location upon the Committee head's invitation. The Committee may also hold meetings with the auditors and executives to address a specific agenda. The Audit Committee convened four times during the fiscal year 2022 and also reviewed and approved the internal audit reports three times. The Audit Committee also passed eight resolutions and submitted them to the Board of Directors in writing, expressing its observations regarding the factualness, accuracy, and compliance of the annual and interim financial statements prepared for public disclosure with the company's accounting principles along with its evaluations about the execution of the Company's related party transactions in accordance with the relevant resolution passed at the beginning of the year.

Corporate Governance Committee

Name	Title on the Committee	Independent/Non-executive
Zeynep Yalım Uzun	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Duygu İnceöz	Member	-

The Corporate Governance Committee was established to monitor the company's compliance with corporate governance principles, examine the reasons for non-implementation of the principles that have yet to be implemented, and submit recommendations to the Board of Directors to improve corporate governance practices. The Committee also works in coordination with the Investor Relations department to review the requests and opinions communicated to the company by investors and shareholders, ensuring that they are resolved, and develops proposals to make sure that public disclosures and analyst presentations are made in compliance with the laws and regulations and particularly in accordance with the company's public disclosure policy.

Since Nomination and Remuneration Committees are not yet established within Mavi, it has been accepted as a principle that the Corporate Governance Committee should fulfill the duties and responsibilities of these committees. The Committee submits reports regarding its activities and recommendations to the Board of Directors in writing.

In the fiscal year 2022, the Committee assessed the company's corporate governance practices and the Corporate Governance Compliance Report and monitored the activities of the Investor Relations department, and served as the nomination committee for the election of an independent director to the position vacated within the year. The Committee also submitted its opinion on the attendance fees to be paid to the non-executive directors on the Board.

Early Identification of Risks Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Bige İşcan Aksaray	Member	-

The Early Identification of Risk Committee was established to identify the risks that pose a threat to the company's existence, development and continuity ahead of time, implement risk mitigation and risk management measures, and manage the risks. The Committee submits opinions to the Board of Directors about identifying the risks that might affect the company's stakeholders, starting with the shareholders, and establishing the internal control mechanisms, including risk management and information systems processes to minimize the impact.

The Early Identification of Risk Committee is required to convene at least six times a year and report to the Board of Directors. In the fiscal year 2022, the Committee submitted six

written reports to the Board of Directors, with four on enterprise risk management that involves detection of risks and determining the steps and actions to avoid or mitigate risks, and two on the efficacy of the risk management and internal control mechanisms in place to ensure that the company's capital structure is preserved.

The Board of Directors is of the opinion that the Board committees' activities have delivered the expected benefits.

Business Ethics

As a brand that elicits confidence from the consumer and a reputable business partner for suppliers, Mavi offers its employees a career open to development as it nurtures a strong sense of belonging and loyalty. These attributes are rooted in principles that the Company embraces and practices in all its business affairs. Since its founding, Mavi's core principles, which ensure the sustainability of its corporate direction, have been uncompromising integrity, fairness and full compliance with laws and codes of conduct. Working under the Mavi umbrella demands professionalism and integrity under all conditions and identifying one's personal reputation with that of the brand and the organizational structure. Accordingly, Mavi expects each employee to respect all living creatures and the environment, to maintain a sense of social responsibility, and to internalize all aspects of the business code of conduct. Mavi secures its brand image by ensuring that the employees put the brand's interests above their own and avoid any behavior to the detriment of the company and its reputation.

Code of conduct is detailed in the booklet, Mavi's People and Its Principles, and published on the corporate website for all stakeholders and the intranet (Maviletişim) for all the employees. With Mavi's People and Its Principles, the Company aims to ensure that employees embrace business ethics and comply with the codes of conduct and relevant procedures. The principles that govern key aspects such as protecting brand interests, preserving company assets, privacy and information security, nondiscrimination, and anti-bribery and anti-corruption lay out the responsibilities with which the employees and executives are required to comply. Mavi's People and Its Principles, which contains the code of conduct and business ethics, has been updated to align with the latest developments and communicated to all the employees.

The Legal and Compliance Division delivers training on Corporate Compliance and Ethics as part of the topics included in Mavi's People and Its Principles. In 2022, 231 employees took the Code of Conduct training for an average of one hour per employee as part of the efforts to ensure that the ethical principles are understood and embraced by all the employees. In line with the renewed Mavi Ethics Line and the updated Mavi's People and Its Principles, a training program titled Mavi Business Ethics and Code of Conduct Training was prepared to help all employees embrace the ethical work culture and refresh their knowledge and this interactive video training was made accessible to participate of all company employees.

In 2022, 95% of the head office employees and 84% of the store staff completed the training via the intranet.

In 2022, Mavi Ethics Line began to operate on a new independent international system and became accessible to the employees of all subsidiaries as well. Information regarding the ethics line is provided via the intranet and with posters placed in all stores.

Please click to access [Mavi’s People and Its Principles](#).

The Mavi Compliance Project that the Board of Directors launched in April 2021 to review the existing ethics and compliance policies, procedures and activities and to respond to all stakeholder expectations with best practices by elevating the compliance maturity levels was completed in the first quarter of 2022. During the project, the internal regulations, related documentation, and all relevant processes, including Mavi’s People and Its Principles, the Company’s code of conduct, the Anti-bribery and Anti-corruption Policy and Ethics Line, were revised and updated. Furthermore, the Compliance Policy, which includes all of these processes and provides a framework for Mavi’s approach to the best corporate governance practices and ethical codes and defines where Mavi stands and how Mavi addresses compliance topics, was published and made available on the corporate website in the “Policies & Ethics” section under the “Ethics” heading for all stakeholders and the intranet (Maviletişim) for the employees. As a result, all employees of Mavi and its subsidiaries receive regular training.

With the Mavi Compliance Program, compliance with the code of conduct and relevant internal policies and procedures is ensured. The components of this program strengthen the compliance culture at Mavi while enabling the employees and all business partners to act appropriately. The compliance program is executed by the Ethics Committee and the compliance unit. In line with the Compliance Policy, the Ethics Committee and the compliance unit regularly monitor the relevant practices and periodically submit reports to the Mavi Management and Audit Committee.

At Mavi, situations deemed to violate laws and regulations, internal policies and procedures, best corporate governance practices, and ethical principles (starting with the code of conduct stipulated in Mavi’s People and Its Principles) should be immediately reported truthfully and by respecting the personal rights of the individuals involved. The Ethics Line is a 24/7 support system managed by a third party (parties), completely independently from the company management, and enables the Mavi employees in Turkey and other countries to report the non-compliances they detect or witness, voice their concerns, or ask questions.

Ethic Line website: www.mavietikhat.com / www.maviethicsline.com

The Ethics Line is a channel where every employee can communicate verbally in their native language and voice their complaints without having to disclose their identity. Mavi assures that the identity of the individual who reports a violation will be protected. In the reports submitted via the Ethics Line channels, individuals are not obligated to disclose their identity, and anonymous reporting option is available.

The Ethics Committee, consisting of two permanent members and headed by the CEO, is responsible for investigating and resolving complaints and reports of code of conduct infractions. In 2022, 50 inquiries and 465* reports received via the Ethics Line through and out of the Ethics Line channels, all reports were investigated and 139 of these reports are substantiated. The distribution of the subject of substantiated reports is as follows:"

Issue Type	Number of Substantiated Reports
Working Conditions and Respect in the Workplace	97
Business Ethics Practices	41
Theft, Abuse and Misuse of Assets	1

** Investigation reports regarding irregular transactions under TRY 10,000 within the purview of the Loss Prevention Department are also entered into the central incident registry system, where ethics reports are managed. The number of such reports is not included in the total number of ethics reports.*

To raise awareness across the organization, interactive video and face-to-face training programs were provided to all the company employees during the relevant fiscal year as part of the Compliance Program and the training was supported with additional information regularly communicated via the intranet systems. As a result, the number of reports received from the employees increased.

The employees who violated the code of conduct either received verbal feedback/training, verbal warning, written warning or termination sanctions depending on the nature of the violation. As a result of substantiated cases in the 2022 fiscal year, it was decided to impose "termination of employment contract" sanction to 5 employees.

Supplier Code of Conduct includes a complaint procedure to report violation of ethical codes or irregularities. Such complaints or reports may always be communicated anonymously, if desired, by sending an email to suppliercompliance@mavi.com. Customers may also report irregular and unethical transactions by phone or email.

Please click here for the [Mavi Code of Conduct for Suppliers](#).

Anti-bribery and Anti-corruption

Mavi does not tolerate any form of bribery and corruption. Mavi has an Anti-Bribery and Anti- Corruption Policy, which lays out the company's stance against bribery and corruption. This policy is available on the corporate website for all stakeholders and the intranet (Maviletişim) for the employees. The policy aims to achieve compliance with the anti-bribery and anti-corruption laws and regulations in all the countries where the company operates, ethical and professional principles and universal codes. The policy applies to Mavi's Board members, managers and employees, Mavi's subsidiaries, affiliates, and their Board members, managers and employees, and all types of entities ("Business Partners") and Business Partners that carry out work on behalf of Mavi, including suppliers, manufacturers, subcontractors, franchisees, consultants, etc., and their employees. The company's anti-bribery and anti-corruption practices are addressed in Mavi's People and Its Principles and defined in the Anti-Bribery and Anti- Corruption Policy.

- Bribery or corruption will not be tolerated under any circumstances whatsoever.
- Job-related financial favors, so-called commission or by any other name, will not be accepted or offered.
- Direct or indirect propositions to public or private persons or entities to secure any preference or favors, whether related to business or not, as well as written or verbal agreements for such purposes are strictly prohibited.
- Relationships with third parties will not be abused to secure favors against the promise of preferential treatment, and any propositions for such must be rejected.
- Utmost care must be taken to ensure that no act or behavior, whatever the intention may be, creates even the slightest suspicion or impression of a favor.

The Code of Conduct for Suppliers stipulates that all business partners and their employees are obligated to act ethically and morally to avoid any personal dependence, obligation, or influence in all their business dealings in line with antibribery and anti-corruption principles. All employees and business partners are expected to behave professionally with a sense of fairness and in full compliance with all applicable national and international laws and regulations.

Relations with suppliers and state institutions, payment terms, human resources processes, accounting and purchasing processes are regarded as activities prone to high risk of corruption. Operational processes with high risk are within the purview of the Audit Committee. An annual internal audit calendar is prepared with the approval of the Audit Committee, which consists of independent board members. The processes susceptible to corruption risk have been reviewed by the internal audit team and the findings were shared with the company's senior management and the Audit Committee.

Any suspicions that involve employees or persons acting on behalf of Mavi to be in violation of the Anti-bribery and Anti-corruption Policy must be reported to the Mavi Ethics Line or the relevant compliance manager. In cases that are in violation of the Procedure, the issue is investigated by the Mavi Ethics Committee without endangering the safety and reputation of the reporting individual and sanctions are imposed if impropriety or irregularity is determined.

The Corporate Compliance and Ethics at Mavi training organized for head office employees is designed to cover two topics included in the Anti-bribery and Anticorruption Policy and its Annex, Implementation Guidelines for Accepting Gifts and Hospitality. In 2022, 231 employees took the training for an average of one hour per employee. Mavi Business Ethics and Code of Conduct Training is designed to cover the Anti-bribery and Anticorruption Policy.

In 2022, the Ethics Line did not receive any reports or notifications of bribery or corruption.

Political Impact

Mavi has not made any contributions to and spending for political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups.

5.3 BOARD OF DIRECTORS



Ersin Akarlılar / Chairman



Ahmet F. Ashaboğlu / Vice Chairman



Cüneyt Yavuz / Member



Elif Akarlılar / Member



Nevzat Aydın / Independent Member



Zeynep Yalım Uzun / Independent Member

Board of Directors Résumés

Ersin Akarlılar | Chairman

Ersin Akarlılar holds a bachelor's degree in Economics from Boğaziçi University and an MBA in finance and international business from New York University, Leonard N. Stern School of Business. He joined Mavi in 1991 and was elected as a member of Mavi's Board of Directors in August 2008. Ersin Akarlılar, who has been the chairman of the Company since July 2017, also serves as President at Mavi USA, which he established in 1996 in New York City.

Ahmet F. Ashaboğlu | Vice Chairman

Mr. Ashaboğlu holds a BSc degree from Tufts University and a Master of Science degree from Massachusetts Institute of Technology (MIT), both in Mechanical Engineering. He began his career as a Research Assistant at MIT in 1994, followed by various positions in capital markets within UBS Warburg, New York (1996-1999). After serving as a management consultant at McKinsey & Company, New York (1999-2003), Ahmet Ashaboğlu moved back to Turkey and joined Koç Holding as Finance Group Coordinator in 2003. He was appointed Group CFO in 2006 and served in this position until April 2022. He is currently a Board member at DP Eurasia N.V., Yapi Kredi Bank, Hepsiburada (NASDAQ), Koç Financial Services, Koç Finansman, and Sirena Marine. He is a member of the Board of Directors of Mavi since July 2017.

Cüneyt Yavuz | Member

Cüneyt Yavuz, who holds a bachelor's degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Member

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

Nevzat Aydın | Independent Member

Nevzat Aydın is the co-founder and former CEO of Yemeksepeti, the leading quick commerce platform in Turkey. Born in 1976, Nevzat Aydın holds a computer engineering degree from Boğaziçi University. After completing his studies, he went to University of San Francisco to do his MBA. During his stay in Silicon Valley he had his inspiration to start "yemeksepeti.com" and returned to Istanbul to pursue his endeavor. In May 2015, Yemeksepeti was acquired by the global leader Delivery Hero with the highest valuation ever in the Turkish internet history. Nevzat Aydın was among the 150 entrepreneurs invited from all around the world to the Entrepreneurship Summit held by USA President Barack Obama in 2010. In 2013 and 2015, he was named number one on Fortune's "40 Under 40" list. He was honored with the Philanthropy Award of the American Turkish Society in 2017. In 2018, he was named among Turkey's Best Minds by Forbes on the occasion of the magazine's centennial. He has received many awards as the top angel investor in Turkey by leading industry organizations such as Webrazzi.

Nevzat Aydın is currently the chairman of GEN Turkey (Global Entrepreneurship Network), board member of Endeavor Turkey, TOBB (Union of Chambers and Commodity Exchanges of Turkey) Young Entrepreneurs, and American Turkish Society and a member on Boğaziçi University's board of trustees. He is also a founding member of Galata Business Angels and Wtech (Women's Association in Technology). Nevzat Aydın is an independent director on the Board of of Mavi since July 2017.

Zeynep Yalım Uzun | Independent Member

After graduating from Robert College, Zeynep Yalım Uzun studied economics and psychology at Agnes Scott College in the USA. During her 25+ years at Unilever, she worked in Poland, Turkey and the UK and managed the global and regional operations of the company's various brands. Her last position at Unilever was Global Vice President, based in London, overseeing Unilever's second-largest brand Omo, which exists in more than 80 markets. Zeynep Yalım Uzun later joined Arçelik as Chief Marketing Officer, leading communication and brand management for 14 brands including Beko with a focus on global product management, consumer insights, industrial design, customer care, and small domestic appliances with a global team of 2,000, dispersed across a wide geography from Thailand to the USA.

With 10 years of experience in the international start-up ecosystem, including the Boston chapter of accelerator Mass Challenge, Uzun currently works as an advisor and mentor to various start-ups. She is also a non-executive director at Doğanlar Furniture Group. Zeynep Yalım Uzun serves on the Executive Board of European Women on Boards, an organization promoting gender equality in the business world. She is also a Board member at the Turkish Futurists Association, a member of the Northwestern University Family Council, and a member of the board of trustees at the Koruncuk Foundation. Uzun, who has been

recognized with multiple awards throughout her career, was named by Advertising Age as one of the 20 female leaders in Europe's "Women to Watch" list in 2020.

Executive Management Résumés

Cüneyt Yavuz | CEO

Cüneyt Yavuz, who holds a bachelor's degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Chief Brand Officer

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

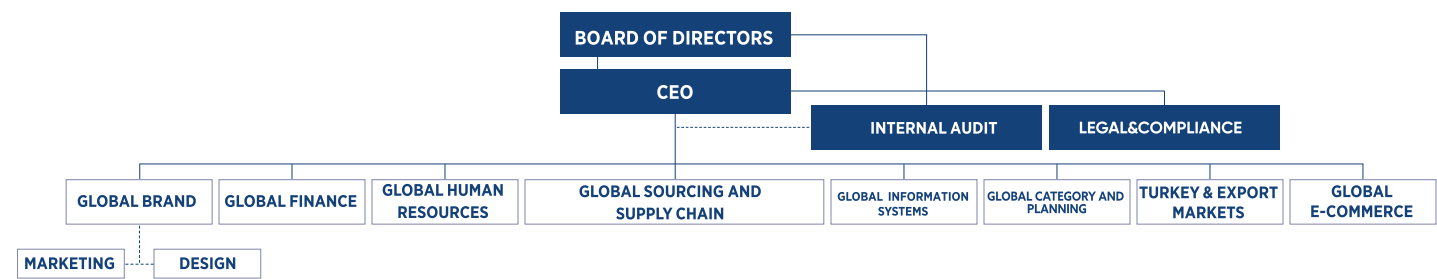
Bige Işcan Aksaray | CFO

Bige Işcan Aksaray holds a bachelor's degree in Economics from Boğaziçi University and an MBA from Boston University. She started her professional career at EY's Istanbul office (1991) and later joined Procter & Gamble (Gillette) as a financial analyst (1993), serving in various management positions in the company's Istanbul and London offices, and finally as Regional Finance & Treasury Manager, Turkey, the Balkans and the Mediterranean Hub. She then joined Avon Turkey (2005) as Finance Director, later serving as Executive Finance Director - Turkey, North Africa & Middle East. She was appointed CFO at Mavi in 2019.

Okan Gürsan | Chief Commercial Officer (Turkey & Export Markets)

Okan Gürsan holds a bachelor's degree in Economics (in English) from Dokuz Eylül University, and graduate degrees in Business Administration from the Georgia Tech and Bilgi Universities. Mr. Gürsan started his career in 2001 at Ernst & Young and went on to work in various audit, finance, and sales and marketing roles from 2004 onward for 11 years at Coca-Cola America, Turkey and Azerbaijan. After joining Boyner Group in 2015 and serving in senior management positions at Beymen and Boyner, Okan Gürsan became part of the Mavi family in 2018 as Chief Commercial Officer (Turkey & Export Markets).

ORGANIZATIONAL CHART AND CHANGES DURING THE REPORTING PERIOD



5.4 RISK MANAGEMENT

The Early Identification of Risk Committee identifies the risks that may jeopardize Mavi’s existence, development and continuity ahead of time, thereby supporting the Board of Directors’ implementation of risk-mitigation and management measures. The Committee reports to the Board of Directors at each meeting of the Board, and the company forwards these reports to the independent auditors. The Board of Directors regularly assesses the risks that the company faces based on the information provided by the Early Identification of Risk Committee.

Responsibility for the management and reporting of risks is supervised by the CFO in coordination with other departments. The risks are evaluated with periodical analyses and reports to determine potential risk exposure and probability. Then, risk levels are identified and the risks are assigned to relevant risk officers to take action. In this process, actions for “Very High” and “High” level risks are monitored closely and frequently. The principal risks that Mavi is exposed to are categorized and followed under four main headings: financial risks, operational and strategic risks, reputation risks and legal risks.

Financial risks

The FX risks that could arise from the changes in the value of different currencies with respect to assets and liabilities in such currencies, liquidity and cash flow issues due to operating capital requirements or disruptions in sales, and interest rate risks within the scope of financial borrowing strategy are among the key financial risks.

To keep the financial risks under control, various financial indicators, including Net Financial Debt/EBITDA and liquidity ratios, FX position, maturity and distribution of debt are monitored both on company basis and also on consolidated and combined basis, ensuring that they are maintained within specified limits. In managing FX risk, natural hedges are preferred while financial hedge instruments related to commodity imports are also utilized regularly

and systematically. In 2022, all foreign currency liabilities on the balance sheet were hedged with natural and financial hedge instruments in line with the strategic decision to minimize open position on the balance sheet. The chronic physical impact of climate change and the changes in sustainable raw material prices due to rising demand are also monitored within the scope of financial risks. Macroeconomic developments such as slowing economic growth, decline in consumer confidence index and tighter consumer spending are also considered among financial risks. To detect the risks that may arise in such conditions early on, the company monitors specific macroeconomic indicators regularly and has set strategic priorities such as not exceeding minimum liquidity levels, keeping indebtedness levels low and having adequate and diverse credit lines.

Operational and strategic risks

Key operational risks include failing to realize expansion plans due to inability to secure required retail space, the need to increase operating capital due to ineffective inventory management and decline in profitability, supply shortages, and capacity loss or service disruptions due to natural disasters as a results of climate change. Mavi introduces continuous improvements in all its systems to increase the efficiency of its operational processes. For this purpose, a project team (Go Operations) operating across functions has been established and working toward concrete measurable targets for the last three years. On the other hand, key strategic risks include the issues and decisions that can adversely affect the future existence and sustainability of the company such as material mistakes in assumptions and measurements in short-, medium- and long-term business plans, making insufficient investments or misguided investments, and failing to anticipate evolving consumer preferences, fashion trends and the competitive landscape. Therefore, Mavi creates three-year strategic roadmaps, with the first year in detail and subsequent two years in macro scale, and annually reviews and updates this roadmap in light of the latest developments. Mavi exercises due diligence in selecting the markets where it will operate strategically and avoids direct investments in risky geographical zones. The Company’s R&D and innovation culture also serves to maintain its competitive strength. According to the World Economic Forum’s (WEF) 2022 Global Risks Report, the most severe risks on a global scale over the next 10 years are identified as failure to combat climate change, natural disasters and extreme weather events, biodiversity loss and ecosystem collapse, large-scale involuntary migration, natural resource crises, erosion of social cohesion and societal polarization, widespread cybercrime and cyber insecurity, geoeconomic confrontation, and large-scale environmental damage incidents. These are addressed and studied in working groups to determine potential action plans.

Reputation risks

Major reputation risks that may harm the brand image include: social and/or environmental violations across the brand’s product lifecycle from production to sales caused by suppliers, franchises, sales teams or support staff and within the scope of the franchise activities that

are not directly under the company's control, failure of the franchises and wholesalers to act in accordance with the company's product quality, pricing and marketing strategy and other conditions. Therefore, the company has incorporated provisions that impose various obligations into the agreements with relevant parties and established control and audit processes for compliance. Mavi has also obtained ISO 27001 Information Security Management System certification as part of the efforts toward full compliance with the Information Systems Management Communiqué. All processes are now carried out in accordance with the ISO standard. The ISO 9001 Quality Management System standard, adopted since 2020, ensures that the products and services are continuously provided in the quality that the customers expect from Mavi.

Legal risks

Legal regulations and changes that may decrease competitive strength, social, legal or political instability or material legislative changes that may adversely affect trade with countries of operation or sourcing, security breaches that may result in third party access to customer information, environmental law, trade regulations, personal data protection legislation, occupational health and safety, and failure to comply with statutory and other regulatory provisions within the scope of consumer protection issues are considered legal risks.

5.5 INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The internal control system is composed of standard definitions, job descriptions, authorization system, and policies and written procedures included in the workflows. The senior management of the company and its subsidiaries hold responsibility for ensuring that the internal control mechanisms function. The internal control system is periodically reviewed and audited by the Internal Audit Department for effectiveness. The audit results are submitted to the Audit Committee, which consists of independent Board members and the company management, and the planned actions are monitored.

Within the organizational structure of the company, the Internal Audit Department reports directly to the Audit Committee, which consists of independent Board members, in accordance with the principle of independence.

The Internal Audit Department's duties include checking the reliability and accuracy of the financial statements of the company and its subsidiaries, ensuring that the activities are carried out in accordance with applicable laws and accepted ethical codes of the company, analyzing processes and identifying current and potential risks to improve the

effectiveness and efficiency of operations, and contributing to finding solutions to minimize such risks. The Audit Committee is regularly briefed about the Internal Audit Department's activities.

The Board of Directors is of the opinion that the internal control system is functioning effectively and the internal audit activities can be executed independently.

5.6 BOARD OF DIRECTORS' DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations in 2022

As a global company with sound financial management, in 2022 Mavi achieved revenue growth beyond expectations and a considerable margin increase thanks to its brand positioning, the right product, the right price, high quality and customer-centric strategy, and flexible supply chain, product planning and inventory management mechanisms in place.

Supported by the strong demand in the Turkish retail sector in a period of high inflation, Mavi increased its market share, ranking among the most preferred brands by consumers. This strong performance was driven by increased traffic, growth in volume and the acquisition of more than 1 million new customers as well as a larger basket size.

Mannagement's Discussion and Analysis on ESG Integration

In 2022, Mavi accelerated the sustainability-focused efforts that started in 2020, making strides in integrating sustainability into the business processes and managing it with measurable targets.

In line with the All Blue approach, focused on People, Planet, Community, and Denim, several innovations were introduced to integrate sustainability into the company culture, vision, business processes, products, and growth targets.

The All Blue collection, all vegan and made with innovative techniques using less water and energy, using sustainable materials such as organic, recycled or Better Cotton-certified cotton, recycled polyester, TENCEL™ modal and lyocell, cottonized hemp, and upcycled materials, continued to expand. Mavi's sustainable collections All Blue, Hemp and Mavi Pro Sport have been named the "Best Sustainable Collection" four times in 2019, 2021 and 2022 editions of the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market. In recognition of the success achieved in corporate

sustainability and stock performance, Mavi was included in the BIST Sustainability 25 Index of Borsa Istanbul.

Mavi became the first and only apparel brand from Turkey to be included in the 2022 Climate Change A List, announced by CDP, the world’s largest environmental disclosure platform. Only 283 of the nearly 20 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the A List this year, becoming the climate leaders of 2022. In addition to the Climate Change Program, Mavi also started to respond to the CDP Water Security and Forests Programs, earning a score of B and confirming its commitments to these areas. Mavi is also the first Turkish apparel brand to join the CEO Water Mandate. The near-term greenhouse gas reduction targets set by Mavi, Turkey’s leading jeans and apparel brand, as part of its sustainability efforts were recently approved by the Science-Based Targets initiative (SBTi). Accordingly, the company has committed to reduce its Scope 1 and 2 emissions by 70% from the base year 2019 to 2030, and Scope 3 emissions by 55% (per TL added value) in the purchased goods and services category, in line with the goals of the Paris Agreement “to keep global warming below 1.5 °C.” There are only 12 companies from Turkey whose targets have been approved by SBTi, while Mavi stands out as the only apparel company in the list.

5.7 LEGAL DISCLOSURES

Company Information and Shareholding Structure

Trade Name	: Mavi Giyim Sanayi Ve Ticaret A.Ş.
Address	: Sultan Selim Mah. Eski Büyükdere Cad. No:53/2 34418 Kağıthane/İSTANBUL
Trade Registry and number	: Istanbul Trade Registry Directorate / 309315
Web address	: www.mavi.com , www.mavicompany.com, www.maviyatirimciliskileri.com
Registered Capital Ceiling	: TL 500,000,000
Issued Capital	: TL 99,314,000
BIST Code	: MAVI

Information On Extraordinary General Assembly Meetings During The Year, If Any

No Extraordinary General Assembly Meeting was held during the year.

Subsidiaries Report

Pursuant to Article 199, paragraphs (1) through (3) of the Turkish Commercial Code No.6102, within the first three months of the fiscal year, the Board of Directors of Mavi is obligated to issue a report regarding the relations of Mavi during the previous fiscal year with the controlling shareholders of Mavi and the subsidiaries of such controlling shareholders.

As stated in the Subsidiaries Report, issued by Mavi’s Board of Directors on March 30, 2023, it has been concluded that with respect to all transactions carried out between Mavi on one side and Mavi’s controlling shareholders and their subsidiaries on the other side during the accounting period of February 1, 2022 – January 31, 2023, the consideration received in each transaction was appropriate under the conditions and circumstances then known to Mavi, there were no measures that should have been taken or avoided that could give rise to damages to be suffered by Mavi, and accordingly, there were no measures or actions to be taken for the purpose of compensation.

Information on Lawsuits Filed Against Mavi that Could Materially Affect the Financial Standing and Activities of the company and Potential Outcome of Such Lawsuits

No lawsuit has been filed against Mavi that could materially affect the Company’s financial standing or activities.

Disclosures Regarding Administrative and Judicial Sanctions Imposed on the Company and its Board Members Due to Acts Violating Applicable Legislation

There is no administrative or judicial sanction imposed on Mavi or its Board Members due to acts violating the applicable legislation.

Information on the Amendments to the Articles of Association in the Reporting Period

Following the resolution passed on April 27, 2022 at the Ordinary General Assembly Meeting, where the activities of the special accounting period of February 1, 2021 –January 31, 2022 were reviewed, to increase the registered capital ceiling of the Company from TRY 245,000,000 to TRY 500,000,000, to determine the validity of the registered capital as 2022-2026, and to increase the issued capital of the Company from TRY 49,657,000 to TRY 99,314,000 by covering the total increase amount from the “Retained Profits” account, the necessary amendment to Article 6 “Capital and Share” in the Company’s Articles of Association was registered by the Istanbul Trade Registry on May 13, 2022.

Disclosures Regarding the Private And Public Audits Conducted In the Reporting Period

Regular audits have been conducted by the public authorities in the special accounting period from February 1, 2022 – January 31, 2023 and no official notification of a material nature has been communicated to Mavi.

Information Regarding the Company Shares Acquired

The Company has not acquired any of its own shares in the special accounting period of February 1, 2022 – January 31, 2023.

Review Under Article 376 of the Turkish Commercial Code

Upon review of whether Mavi’s capital was preserved and not lost as per Article 376 of the Turkish Commercial Code, it has been ascertained that as of January 31, 2023, Mavi Giyim San. ve Tic. A.Ş.’s issued capital of TRY 99,314,000 was well preserved, with the main shareholder having a shareholder’s equity of TRY 2,591,537,000 and with a net cash position, the company’s indebtedness level was adequate for the continuation of its activities in a sound and safe manner.

5.8 RESPONSIBILITY STATEMENTS

RESPONSIBILITY STATEMENT FOR FINANCIAL STATEMENTS

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKET BOARD’S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the financial statements pertaining to the special accounting period from February 1, 2022 to January 31, 2023, which were prepared by the Company and independently audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards and formats determined by the Capital Markets Board (CMB) in accordance with CMB’s Communiqué on Principles of Financial Reporting in Capital Markets (“Financial Reporting Communiqué”) II.14.1, and that include the consolidated statement of financial position, comprehensive income statement, statement of cash flow and statement of changes in equity as well as notes to year-end financial statements, we hereby declare our responsibility for the following:

- We have examined the financial statements,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements do not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of statement,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements prepared pursuant to the Financial Reporting Communiqué – together with those covered by consolidation – fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the Company.

Sincerely,
Mavi Giyim San. ve Tic. A.Ş.
Audit Committee

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT PURSUANT TO CAPITAL MARKET BOARD'S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the Annual Report prepared by the Company for the special accounting period from February 1, 2022 to January 31, 2023 and independently audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., including the Corporate Governance Compliance Report and Corporate Governance Information Form and the Company's disclosures in line with the CMB's Sustainability Principles Compliance Framework and in compliance with the Turkish Commercial Code and Capital Markets Board's (CMB) "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, we hereby declare our responsibility for the following:

- We have examined the Annual Report,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report does not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of the statement,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report fairly reflects the progress and performance of the business and the financial situation of the entity – together with the financial situation of the consolidated entities – along with material risks and uncertainties encountered by the Company.

Sincerely,
Mavi Giyim San ve Tic. A.Ş.
Audit Committee

5.9 RELATED PARTY TRANSACTIONS REPORT

RELATED PARTY TRANSACTIONS REPORT SUBMITTED TO THE BOARD OF DIRECTORS OF MAVI GIYIM SANAYİ VE TİCARET ANONİM ŞİRKETİ

Pursuant to the internal regulations "Principles on Related Party Transactions" and "Audit Committee Working Principles" of Mavi Giyim San. ve Tic. A.Ş. ("Company"), in its meetings following the release of the quarterly financial statements within the fiscal year, the Audit Committee is required to review the related party transactions, which are frequent and continuous and annually approved by the Board of Directors, that have taken place in the respective period.

Based on the above mentioned internal regulations, we have reviewed and analyzed the "Management Report on the Frequent and Continuous Related Party Transactions in the Special Accounting Period of 01.02.2022 - 31.01.2023" ("Management Report") and the table annexed to the report about the actual implementations and practices during the period of 01.02.2022-31.01.2023 with regard to the "Frequent and Continuous Related Party Transactions Planned for the Special Accounting Period of 01.02.2022 - 31.01.2023" approved by the Board of Directors Resolution dated 10.06.2022 and numbered 2022/275 ("General Resolution of the Board of Directors"). As a result of the analyses, we have ascertained that:

1. there were some differences between the "estimated transaction volumes" stated in the General Resolution of the Board of Directors and the "actual transaction volumes" of the frequent and continuous related party transactions in the period from 01.02.2022 to 31.01.2023, and that the explanations and the justifications for such differences were satisfactory, and
2. the terms and conditions governing the frequent and continuous related party transactions, as well as the methods and procedures, indicated to be used for determining whether they were arm's length transactions, were all implemented in the period from 01.02.2022 to 31.01.2023.

To the extent of the information and documents provided to us, we have not identified any material issue during the period of 01.02.2022 - 31.01.2023 that might be in violation of the General Resolution of the Board of Directors.

5.10 CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2-Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1-Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2-The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7-Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no notification made regarding such a transaction.
1.3.8-Members of the Board of Directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.3.10-The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.						
		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made, details of the beneficiaries have not been specified.
1.3.11-The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.						
	X					
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross ownerships exist that are associated with a controlling relationship within our Company.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations
1.6. DIVIDEND RIGHT						
1.6.1-The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution has been made.
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4-The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1-The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2-The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1-The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.		X				Policies that address stakeholders' rights are published on the company's website, other procedures are published via the internal disclosure platform Maviletişim.
3.1.4-A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2-Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1-The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.2-Recruitment criteria are documented.	X					
3.3.3-The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5-Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6-Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7-Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8-The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9-A safe working environment for employees is maintained.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3-The company complied with the quality standards with respect to its products and services.	X					
3.4.4-The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1-The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1.2-The agenda and minutes of board meetings indicate that the Board of Directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X					
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3-The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is the possibility to present an opinion in such a case, there has not been any notification made by the BoD members who could not attend the meetings.
4.4.4-Each member of the Board has one vote.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4.5-The Board has a charter/written internal rules defining the meeting procedures of the Board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				While board members are required to pay sufficient time to the Company's affairs, there is no restriction on their duties outside of the Company. Considering the significant contribution board members make to Mavi's Board of Directors with their professional and sector specific experience, imposing restrictions on their external duties is not deemed necessary. Prior to each General Assembly, the curricula vitae of the board members and their duties external to the Company are submitted for the attention of shareholders.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			Mavi has determined the number of its independent board members at three. In so doing, the Company considered various factors such as the volume of its operations and its administrative needs. Currently, the Board has three committees. In respect of the principle requiring committee chairs to be independent members, it is necessary to delegate multiple committee chairs to the independent members. This does not give rise to any conflict of interest within the Company.
4.5.6-Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	In accordance with the working principles of the committees, the committees may make use of the opinions of the independent experts. During the past year, no such request was brought up by the committees.
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There has not been any external consultancy services used.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			No specific study was conducted at board level regarding performance evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			The General Assembly determines remuneration rates payable to members of Mavi's Board of Directors. In line with general practice, total amount of remunerations of board members and senior executives are disclosed to the public in the Company's financial table footnotes.

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Investor Relations Department attended 11 virtual investor conferences meeting local and international investors and held over 200 teleconferences. At these events and meetings, the Company had contact with 330 investors and analysts from 114 local or international institutions.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1014146
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1010434 https://www.kap.org.tr/tr/Bildirim/1036815
The name of the section on the corporate website that demonstrates the donation policy of the company	Corporate Governance - Policies and Ethics
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/680430

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 10-e
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	According to the General Assembly internal directive article 5, press members, guests that have been invited by the management and other persons for whom the Meeting Chairman permits can attend the General Meetings
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	9,06%

1.5. Minority Rights

If yes, specify the relevant provision of the articles of association.	No
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Corporate Governance - Policies and Ethics
Minutes of the relevant agenda item in case the Board of Directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

GENERAL ASSEMBLY MEETINGS

General Meeting Date	27.04.2022
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	54,4%

GENERAL ASSEMBLY MEETINGS	
Percentage of shares directly present at the GSM	0,0000003%
Percentage of shares represented by proxy	54,4%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Governance / General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Corporate Governance / General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1024262

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Financial Reports and Presentations, Annual Report, Announcements, Corporate Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Governance -Shareholder Structure and Subsidiaries
List of languages for which the website is available	Turkish, English

2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of Directors and executives conducted out of the company and declarations on independence of board members	Annual Report - Corporate Governance Section, Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Annual Report Corporate Governance Section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Annual Report Corporate Governance Section
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Annual Report Corporate Governance Section - Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Annual Report Corporate Governance Section- Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such case
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Annual Report Corporate Governance Section - Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Annual Report Sustainability Section

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate Governance - Policies and Ethics
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Board
The contact detail of the company alert mechanism	www.mavietikhat.com / www.maviethicsline.com

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulation does not have a public link on company website
Corporate bodies where employees are actually represented	GoMavi, Masmavi, Management Forum, Marketing Direction, GoSeason meetings, GoWellness Work Group and Occupational Health and Safety Board

3.3. Human Resources Policy

The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	Within Mavi Succession Policy the Board of Directors approve the succession plan for top level management
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corpoarte Governance - Policies and Ethics - Diversity and Inclusion Policy
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Corporate Governance - Policies and Ethics - Mavi Code of Conduct, Human Rights Policy, Diversity and Inclusion Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the Code of Ethics	Corporate Governance - Policies and Ethics
The name of the section on the company website that demonstrates the Corporate Social Responsibility Report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.mavi.com/sustainability/index-en.html
Any measures combating any kind of corruption including embezzlement and bribery	Corporate Governance - Policies And Ethics, Anti-Bribery and Anti-Corruption Policy

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last Board evaluation conducted	-
Whether the Board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members
Number of reports presented by internal auditors to the Audit Committee or any relevant committee to the Board	4
Specify the name of the section or page number of the Annual Report that provides the summary of the review of the effectiveness of internal controls	Annual Report Corporate Governance Section
Name of the Chairman	Ragıp Ersin Akarlılar
Name of the CEO	Ahmet Cüneyt Yavuz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/1016690
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	2 board member - 1/3

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Ragıp Ersin Akarlılar	Non executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
Ahmet Cüneyt Yavuz	Executive	Not independent director	22/03/2017	-	Not applicable	Not applicable	Not applicable
Fatma Elif Akarlılar	Executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
Ahmet Fadil Ashaboğlu	Non executive	independent director	17/07/2017	https://www.kap.org.tr/tr/Bildirim/922248	Considered	No	Yes
Nevzat Aydın	Non executive	independent director	17/07/2017	https://www.kap.org.tr/tr/Bildirim/922248	Considered	No	No
Zeynep Yalım Uzun	Non executive	independent director	31/05/2022	https://www.kap.org.tr/tr/Bildirim/1033500	Considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	5
Director average attendance rate at board meetings	100%
Whether the Board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	5 working days
The name of the section on the corporate website that demonstrates information about the board charter	There is no public link available for the internal board charter document

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy
4.5. Board Committees	
Page numbers or section names of the Annual Report where information about the board committees are presented	Annual Report Corporate Governance Section
Link(s) to the PDP announcement(s) with the Board Committee charters	https://www.kap.org.tr/tr/Bildirim/627118

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Ahmet F. Ashaboğlu	Yes	Board member
Audit Committee		Nevzat Aydın	No	Board member
Committee of Early Detection of Risk		Ahmet F. Ashaboğlu	Yes	Board member
Committee of Early Detection of Risk		Ragıp Ersin Akarlılar	No	Board member
Committee of Early Detection of Risk		Bige İçcan Aksaray	No	Not board member
Corporate Governance Committee		Zeynep Yalım Uzun	Yes	Board member
Corporate Governance Committee		Ragıp Ersin Akarlılar	No	Board member
Corporate Governance Committee		Duygu İnceöz	No	Not board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II	
Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Corporate Governance Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Nomination Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Early Detection of Risk Committee are presented in your Annual Report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Remuneration Committee are presented in your Aannual Report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section
Specify the section of website where Remuneration Policy for executive and non-executive directors are presented.	Corporate Governance - Policies and Ethics
Specify where the individual remuneration for board members and senior executives are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	Percentage Of Non-executive Directors	Percentage Of Independent Directors In The Committee	Number Of Meetings Held In Person	Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	11
Committee of Early Detection of Risk		66,6%	33,3%	4	6
Corporate Governance Committee		66,6%	33,3%	0	4

06

INDEPENDENT AUDITORS REPORT & CONSOLIDATED FINANCIAL STATEMENTS

01 KEY FINANCIAL
METRICS

02 CHAIRMAN & CEO
LETTERS

03 MAVÍ BRAND
HIGHLIGHTS

04 MAVÍ'S SUSTAINABILITY
EVOLUTION

05 CORPORATE
GOVERNANCE

06 INDEPENDENT AUDITORS REPORT &
CONSOLIDATED FINANCIAL STATEMENTS

07 GENERAL
ASSEMBLY

AUDITORS REPORT & CONSOLIDATED FINANCIAL STATEMENTS

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(Convenience Translation of
the Report and the Consolidated
Financial Statements Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2023 and Independent Auditor's Report

(Convenience Translation of
the Report and the Consolidated
Financial Statements Originally Issued in Turkish)

To the General Assembly of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 January 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 January 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Right of use assets amounting to TL 576,392 thousand and lease liabilities amounting to 640,061 thousand TL were recognized in the consolidated financial statements as of 31 January 2023.</p> <p>The amounts recognized as a result of the application of TFRS 16 are significant in terms of consolidated financial statements and the issue of determining the accounting policies depends on the Group management's choices. In addition, the calculation of the right-of-use assets and related lease liabilities includes important estimates and assumptions of the management. The most important of these assumptions are the evaluation of the options for extending the lease terms, early termination, and interest rate.</p> <p>Considering the aforementioned reasons, the effects of the application of TFRS 16 on the consolidated financial statements and the notes related to the consolidated financial statements have been identified as an important issue for our audit.</p> <p>Please refer to notes 2.5, 5 and 14 to the consolidated financial statements for the relevant disclosures, including the accounting policy and related amounts.</p>	<p>We performed the following procedures in relation to TFRS 16 and evaluation of the significant estimates and assumptions:</p> <p>Understanding and evaluating the important processes affecting financial reporting regarding the TFRS 16 Standard,</p> <p>Testing the reports received from the system for the completeness of the contract lists,</p> <p>Recalculation of the right of use assets and lease liabilities, which are accounted for in the consolidated financial statements by taking into account the lease contracts within the scope of TFRS 16,</p> <p>Audit of the appropriateness of the rent increase rate, interest rates etc. used in these calculations,</p> <p>To check the appropriateness of the evaluation of the matters related to the duration of the lease contracts and the extension options used in these calculations by selecting the sample contracts subject to the calculation of the right-of-use assets and the lease liabilities,</p> <p>Through involvement of our internal TFRS 16 specialists, assessing the reasonableness of interest rates, extension options</p> <p>Testing of the disclosures in the consolidated financial statements in relation to TFRS 16 and and evaluating the adequacy of these disclosures for TFRS 16 requirements.</p>

Key Audit Matters (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
<p>The key audit matter</p> <p>The Group's inventories include a risk of impairment due to changes in consumer demands and fashion trends.</p> <p>Calculation of the provision for inventory impairment involves significant management estimates and assumptions. These estimates and assumptions include determining the provision for the expected impairment in the value of non-moving inventories due to the decrease in customer demand and changing fashion trends.</p> <p>The provision for the impairment of inventories has been identified as one of the key audit matters since the inventory balance is significant in the consolidated financial statements and computation of inventory impairment provision involves management judgments and estimates.</p>	<p>Our audit procedures for testing the impairment on inventories included the following:</p> <p>Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance,</p> <p>Inquiry with the Group management about the risk of impairment as a result of changes in customer demands and fashion trends,</p> <p>Evaluation of adequacy of the provision for impairment on inventories through comparing with prior periods,</p> <p>Evaluation of the accuracy and completeness of the inventory reports which are used to calculate the provision for inventories,</p> <p>Testing the net selling prices used in the calculation of the net realizable value of inventories on a sample basis,</p> <p>Observation of obsolete, damaged and write off inventories during the inventory counts.</p> <p>The disclosures in the consolidated financial statements in relation to the inventory impairment provision is tested and the adequacy of such disclosures are evaluated.</p>

Other Information

Management is responsible for the other information. The other information comprises the Appendix I and Appendix 2 disclosed as "Other information" at the notes to the condensed consolidated interim financial statements but are not part of the condensed consolidated interim financial statements and of our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 14 March 2023.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 February-31 January 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Tolga Sirkecioğlu
Partner

İstanbul, 14 March 2023

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited 31 January 2023	Audited 31 January 2022
ASSETS			
Current assets			
Cash and cash equivalents	4	3,244,612	1,481,617
Financial investments		58,150	27,024
Trade receivables		870,657	394,487
– Due from third parties	7	870,657	394,487
Other receivables		31,410	33,211
– Due from related parties	6	12,216	--
– Due from third parties	8	19,194	33,211
Inventories	9	2,307,586	751,398
Derivative instruments	32	--	28,882
Prepaid expenses	10	196,142	120,666
– Due from related parties	6	82,365	86,982
– Due from third parties		113,777	33,684
Current tax assets	30	32,987	7,453
Other current assets	19	43,204	11,445
Total current assets		6,784,748	2,856,183
Non-current assets			
Other receivables		10,575	6,354
– Due from third parties	8	10,575	6,354
Property, plant and equipment	11	395,452	258,987
Right-of-use assets	14	576,392	450,505
Intangible assets		662,644	473,907
– Other intangible asset	12	185,268	130,889
– Goodwill	13	477,376	343,018
Prepaid expenses		--	7
– Due from third parties	10	--	7
Deferred tax asset	30	212,933	49,361
Total non-current assets		1,857,996	1,239,121
TOTAL ASSETS		8,642,744	4,095,304

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited 31 January 2023	Audited 31 January 2022
LIABILITIES			
Current liabilities			
Short-term borrowings	5	813,247	644,828
Short-term lease liabilities	5	350,245	229,295
- Due to related parties	6	459	3,872
- Due to third parties		349,786	225,423
Short-term portion of long-term borrowings	5	217,297	245,780
Short-term issued debt instruments	5	509,972	--
Trade payables		2,960,521	1,188,646
- Due to related parties	6	323,941	212,803
- Due to third parties	7	2,636,580	975,843
Payables related to employee benefits	18	203,020	100,056
Other payables		39,762	19,019
- Due to related parties	6	41	41
- Due to third parties	8	39,721	18,978
Deferred income	10	81,668	29,826
Short-term provisions		124,343	43,303
- Short-term provisions for employee benefits	15	18,829	8,773
- Other short-term provisions	15	105,514	34,530
Derivative instruments	32	17,698	--
Current tax liabilities	30	82,191	51,501
Other current liabilities	19	43,633	18,119
Total current liabilities		5,443,597	2,570,373
Non-current liabilities			
Long-term lease liabilities	5	289,816	276,630
- Due to related parties	6	--	330
- Due to third parties		289,816	276,300
Deferred income	10	34,009	730
Payables related to employee benefits		67,480	19,921
Long-term provisions		61,122	23,176
- Long-term provisions for employee benefits	15,17	61,122	23,176
Deferred tax liability	30	14,772	11,117
Total non-current liabilities		467,199	331,574
TOTAL LIABILITIES		5,910,796	2,901,947

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited 31 January 2023	Audited 31 January 2022
EQUITY			
Equity attributable to owners of the Company		2,591,537	1,114,503
Paid-in share capital	20	99,314	49,657
The effect of mergers involving undertakings or businesses under common control		(35,757)	(35,757)
Share based payment fund		945	--
Other comprehensive income or expenses not to be reclassified to profit or loss		(14,388)	(12,293)
Defined benefit plans remeasurement losses		(14,388)	(12,293)
Other comprehensive income or expenses to be reclassified to profit or loss		529,961	375,518
Foreign currency translation differences		544,118	353,279
Hedging gain / (losses)		(14,157)	22,239
Restricted reserves appropriated from profit		19,771	19,771
Retained earnings		552,316	317,166
Net profit for the period		1,439,375	400,441
Non-controlling interests		140,411	78,854
Total equity		2,731,948	1,193,357
TOTAL EQUITY AND LIABILITIES		8,642,744	4,095,304

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited 1 February 2022– 31 January 2023	Audited 1 February 2021– 31 January 2022
Profit or loss			
Revenue	21	10,591,901	4,619,319
Cost of sales (-)	22	(4,989,794)	(2,247,656)
Gross profit		5,602,107	2,371,663
Administrative expenses (-)	23	(674,224)	(302,490)
Selling, marketing and distribution expenses (-)	23	(2,874,658)	(1,366,067)
Research and development expenses (-)	24	(75,714)	(45,065)
Other operating income	25	76,108	47,761
Other operating expenses (-)	25	(30,875)	(7,162)
Operating profit		2,022,744	698,640
Income from investment activities	26	14,455	158
Expenses from investment activities (-)	26	(685)	(12)
Operating profit before finance expense		2,036,514	698,786
Finance income	28	304,767	163,132
Finance costs (-)	29	(638,198)	(322,896)
Finance expenses, net		(333,431)	(159,764)
Profit before tax		1,703,083	539,022
Tax expense	30	(243,939)	(116,004)
- Tax expense for the period	30	(399,948)	(155,823)
- Deferred tax income	30	156,009	39,819
Net profit		1,459,144	423,018
Distribution of profit for the period			
Non-controlling interests		19,769	22,577
Owners of the Company		1,439,375	400,441
Earnings per share	31	14.4932	4.0320

The accompanying notes from an integral part olidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited 1 February 2022– 31 January 2023	Audited 1 February 2021– 31 January 2022
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) of defined benefit plans	17	(2,618)	(7,560)
Deferred tax income	30	523	1,512
Items that will be reclassified to profit or loss			
Foreign currency translation differences		225,269	243,606
Cash flow hedging gains		(46,580)	37,482
Deferred tax income/(expense)	30	10,184	(8,363)
Other comprehensive income		186,778	266,677
Total comprehensive income		1,645,922	689,695
Distribution of total comprehensive income			
Non-controlling interests		54,199	54,637
Owners of the Company		1,591,723	635,058

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Changes In Equity
For the year ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Share capital	Legal reserves	Purchase of share of entities under common control	Share based payment fund	Remeasurement of defined benefit liability	Other comprehensive income that will reclassified to profit or loss		Retained earnings	Retained earnings		Total equity
						Foreign currency translation reserve	Hedging reserve		Retained earnings	Net profit	
Balance as at 1 February 2021	49,657	19,771	(35,757)	--	(6,245)	141,733	(6,880)	4,583	342,930	4,583	534,009
Transfers	--	--	--	--	--	--	--	4,583	--	--	--
Dividend payment	--	--	--	--	--	--	--	(30,347)	--	--	(30,347)
Total comprehensive income	--	--	--	--	(6,048)	211,546	29,119	--	635,058	400,441	689,695
Total balance as at 31 January 2022	49,657	19,771	(35,757)	--	(12,293)	353,279	22,239	317,166	400,441	4,583	1,193,357
Balance as at 1 February 2022	49,657	19,771	(35,757)	--	(12,293)	353,279	22,239	317,166	400,441	1,114,503	1,193,357
Transfers	49,657	--	--	--	--	--	--	350,784	(400,441)	--	--
Dividend payment	--	--	--	--	--	--	--	(120,429)	--	--	(120,429)
Increase (decrease) due to share-based transactions (Note 2.2c)	--	--	--	945	--	--	--	4,795	--	5,740	13,098
Total comprehensive income	--	--	--	--	(2,095)	190,839	(36,396)	--	1,591,723	54,199	1,645,922
Total balance as at 31 January 2023	99,314	19,771	(35,757)	945	(14,388)	544,118	(14,157)	552,316	1,439,375	2,591,537	2,731,948

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Statements of Cash Flow
For the year ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Audited	Audited
		31 January 2023	31 January 2022
Cash flows from operating activities			
Net profit for the period		1,459,144	423,018
Adjustments for:			
Adjustments for depreciation and amortization expense	11,12,14,27	503,024	358,049
Adjustments for interest income	28	(272,650)	(134,294)
Adjustments for interest expense	29	633,538	298,560
Adjustments for provision for vacation	15	10,184	3,722
Adjustments for fair value losses / (gains) of financial assets		(13,087)	--
Adjustments for provision for employment termination benefit	17	54,961	19,996
Adjustments for impairment losses on trade receivables	34	3,407	147
Adjustments for rediscount interest expense/(income) on trade payables	25	(25,945)	(6,477)
Adjustments for share-based payments		945	--
Adjustments for expected credit losses	25	1,279	(1,248)
Adjustments for inventory impairment	9	90,857	20,572
Adjustments for provisions for short-term and long-term payables	15	62,408	10,006
Adjustments for (gains) / losses on disposal of property, plant and equipment	26	(683)	(146)
Adjustments for tax expense	30	243,939	116,004
Adjustments for unrealized foreign currency translation differences		161,954	192,298
		2,913,275	1,300,207
Changes in working capital:			
Change in trade receivables		(497,853)	(177,430)
Change in inventories		(1,654,872)	(218,098)
Change in prepaid expenses		(75,470)	(73,357)
Change in other receivables		9,796	(26,692)
Change in other current and non-current assets		(31,756)	12,610
Change in employee benefits liabilities		150,525	81,114
Change in trade payables		1,686,683	500,421
Change in payables to related parties		111,138	56,372
Change in deferred income		85,122	10,979
Change in other payables		20,744	15,107
Change in short-term and long-term provisions		(798)	(891)
Change in other liabilities		25,320	5,034
Cash flows used in operating activities		2,741,854	1,485,376
Employment termination benefits paid	15,17	(22,308)	(15,022)
Tax payments	30	(394,792)	(100,343)
A. Net cash from operating activities		2,324,754	1,370,011
Cash flows from investing activities			
Cash outflows from purchase of property, plant and equipment	11	(220,815)	(130,292)
Cash inflows from sale of property, plant and equipment and intangible assets		3,207	411
Cash inflows from purchase of funds		(357)	--
Cash outflows from purchase of intangible assets	12	(74,141)	(33,537)
Other investing activities		(18,112)	(27,024)
Interest received		254,158	83,683
Net cash flow used in investing activities		(56,060)	(106,759)
Cash inflows from borrowings	5	1,286,528	736,901
Cash outflows from payment of borrowings	5	(762,280)	(886,251)
Cash outflows from payments of lease contracts		(429,847)	(269,864)
Other financial cash outflows	29	(322,504)	(133,633)
Dividend paid		(120,429)	(30,347)
Interest paid		(175,659)	(91,324)
C. Net cash flow generated from/(used in) financing activities		(524,191)	(674,518)
Net increase in cash and cash equivalent (A+B+C)		1,744,503	588,734
Cash and cash equivalents at the beginning of the period		1,478,609	889,875
Cash and cash equivalents at the end of the period (A+B+C+D)	4	3,223,112	1,478,609

The accompanying notes from an integral part of these consolidated financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1 Organization and Operations of the Group

Mavi Giyim Sanayi ve Ticaret A.Ş. (the "Company" or "Mavi Giyim"), established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim bottoms for men, women and children. The Company's registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53, 34418 Kağıthane Istanbul/Turkey.

Export sales operations started in 1994. Mavi Giyim has offices and showrooms in New York, Vancouver, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Düsseldorf, Munich, Hamburg, Leipzig, Sindelfingen, Heusenstamm, Zurich, Salzburg, Prague, Brussels and Almere.

Shares of the Company has been traded at Borsa Istanbul ("BIST") since 15 June 2017. As of 31 January 2023, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital (31 January 2022: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The consolidated financial statements as at 31 January 2023 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA"), Mavi Kazakhstan LLP and its subsidiaries are referred here as the "Group" and individually" the Group entity" in this report.

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1 Organization and Operations of the Group (continued)

The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2023 and 31 January 2022 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 January 2023	31 January 2022
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding	51.00	51.00
Mavi USA ⁽¹⁾	USA	Wholesale and retail sales of apparel	47.69	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan ⁽²⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

⁽¹⁾Change in Mavi USA ownership interest is explained in note 2.2c

⁽²⁾Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Financial statements of Mavi Kazakhstan have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 31 January 2023.

As of 31 January 2023, Group's total number of employees is 5,670 (31 January 2022: 5,111).

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(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2 Basis of presentation of financial statements

2.1 Basis of presentation of consolidated financial statements

(a) Statement of compliance to Turkish Financial Reporting Standards ("TFRSs")

The accompanying consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market" ("the Communiqué"), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements are presented in accordance with TFRS Taxonomy developed based on the "Financial Statement Examples and User Guide" announced by the POA published in the Official Gazette dated 7 June 2019 and numbered 30794.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of the Company on 14 March 2023. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

(b) Functional and presentation currency

Except for its subsidiaries established abroad, the functional currency of the companies included in the consolidation is Turkish Lira ("TL") and they keep their accounting records in TL in accordance with the commercial legislation, financial legislation and Uniform Chart of Accounts published by the Ministry of Finance.

Consolidated financial statements and notes are based on the legal records of the Group companies and are presented in TL unless otherwise stated and it has been prepared by subjecting some adjustments and classification changes in order to present adequately the status of the Group in accordance with the Turkish Accounting Standards published by KGK. All other foreign currency amounts are shown in Thousand Turkish Lira ("TL") unless otherwise stated.

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2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

(b) Functional and presentation currency (continued)

The table below summarises functional currencies of the Group entities.

Company	Functional currency
Mavi Giyim	TL
Mavi Europe	Euro ("EUR")
Mavi Russia	Rouble ("RUB")
Eflatun Giyim	TL
Mavi USA	US Dollars ("USD")
Mavi Canada	Canada Dollars ("CAD")

(c) Basis of measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 2.5(q).

Restatement of financial statements during periods of high inflation

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

2 Basis of presentation of financial statements *(continued)*

2.2 Basis of consolidation

Consolidated financial statements include the financial statements of the Company and its subsidiaries controlled by the Company. Control is exercised by an entity having power over its financial and operational policies in order to derive benefits from its activities. The financial statements of the companies included in the consolidation have been prepared as of the same date as the consolidated financial statements.

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 2.5 (f)). Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

2 Basis of presentation of financial statements *(continued)*

2.2 Basis of consolidation *(continued)*

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(c) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's share in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Eflatun Giyim, 51% subsidiary of the Group, has transferred 6.5% of its Mavi Jeans Inc. ("Mavi USA") shares to one of its personnel in accordance with the 6-year contract signed on 30 December 2022. The Group accounted for the transaction in accordance with TFRS 2 share-based payments standard and recorded a share based payment fund amounting to TL 945.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(e) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparative periods are restated. The restatement does not extend to periods during which the entities were not under common control. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(e) Acquisitions from entities under common control (continued)

financial statements. The components of equity of the acquired entities are added to the same components within the Company equity and any gain/loss arising is recognised directly in equity.

(f) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated via monthly average exchange rates.

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group and subsidiaries use either TL, EUR, RUB, USD or CAD as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group and subsidiaries and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses TL as the reporting currency.

The financial statements of subsidiaries that reported in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates as the reporting currency. Since the inflation accounting practises are decided to be ended on 31 December 2005, TL has been evaluated as the currency of a non-hyperinflationary economy as of 1 January 2005.

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2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

The foreign currency exchange rates as at balance sheet date of the related periods are as follows:

	31 January 2023	31 January 2022
TL / EUR	20.4525	14.9676
TL / USD	18.7876	13.4015
TL / RUB	0.2684	0.1719
TL / CAD	14.0723	10.5121

The foreign average currency exchange rates for the related periods are as follows:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
TL / EUR	17.7789	10.9760
TL / USD	16.9962	9.3764
TL / RUB	0.2573	0.1262
TL / CAD	12.9552	7.4663

2.3 Change in significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior period's consolidated financial statements are restated.

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(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

2.4 Changes in accounting estimates and errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated.

Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary. In the current period, the Group has made some reclassifications in its prior period financial statements. The nature, reason and amounts of the classifications are explained below:

- Fx protected deposit amounting to TL 27,024, which was accounted as time deposit in the consolidated statement of financial position for the accounting period ending on 31 January 2022, is reclassified to "financial investment" in comparative financial statements.

The reclassification has no impact on the profit for the period ended on 31 January 2022.

2.5 Summary of significant accounting policies

Accounting policies have been applied consistently by the Group in all periods presented in the consolidated financial statements. If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

There has been no significant change in the accounting estimates of the Company as of 31 January 2023.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(a) Leases

The Group has applied TFRS 16 as of 1 February 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 February 2019.

As a lessee

At the actual commencement date of the lease or at the date of the change in the contract containing the lease component, the Group allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group has chosen not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right to use asset is first recognized by the cost method and includes the following:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- All initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(a) Leases *(continued)*

As a lessee (continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In other circumstances, the right of use asset is subjected to depreciation according to the shorter of the useful life of the aforementioned asset or the leasing period, starting from the date when the leasing has actually started. In addition, the value of the right of use asset is periodically reduced by also deducting the impairment losses if any and adjusted in accordance with the re-measurement of the leasing liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for the debts to be used from various external financing sources and makes some adjustments to reflect the lease terms and the type of the leased asset. The lease payments which are included in the measurement of the leasing liability, consist of the following:

- Fixed payments (including the fixed payments by their essence);
- Amounts expected to be paid by the lessee within the scope of residual value undertakings

Right-of-use asset is initially measured at cost and after the lease actually commenced, it is measured at fair value in accordance with the Group's accounting policies.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

As a lessee (continued)

Leasing liability is measured by reducing the lease payments with a discount rate. In case, as a result of a change in an index or rate used in determination of the lease payments in the future, a change occurs in these payments and in the amounts expected to be paid within the scope of residual value undertaking, the Group considers the options of renewal, termination and purchasing.

In case the leasing liability is remeasured, it is reflected into the financial statements as an adjustment in the right of use asset in accordance with the newly determined debt. However, in case the book value of the right of use asset is reduced down to zero and the measurement of the leasing liability involves more reduction, the remaining re-measurement amount is reflected into profit or loss.

Right-of-use assets or liabilities related to performance-based contracts have not been created with all of the rent. Rental prices are created by taking into account the minimum payment amount and the right-of-use asset and lease liability minimum values for rental agreements based on sales performance.

(b) Property and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost including borrowing costs-less accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presendet under "gains/(losses) from investment activities".

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(b) Property and equipment

(iii) Depreciation

Property and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of lease term. Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

- Vehicles (5) years
- Furniture and fixtures (3–15) years
- Leasehold improvements shorter of (1–10) years or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

c) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated [statement of profit or loss/statement of profit or loss and other comprehensive income]. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

c) Intangible assets and goodwill *(continued)*

(i) Recognition and measurement (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets recognised in a business combination

Customer relationships arising from the business acquisitions were recognized at their fair values.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Trademark (15) years
- Licenses (3–5) years
- Customer relationships (9–15) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(d) Inventories

Inventories are measured at the lower of cost or net realizable value.

The cost of inventories is based on first-in first-out principle, and includes expenditure incurred for the purchase and bringing the items to their current condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of completion and estimated costs to sell. Net realizable value write-downs are evaluated in product groups and for particular seasons such as fall/winter and spring/summer.

(e) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI –debt investment; FVOCI–equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets–Evaluation of the business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets–Evaluation of the business model (continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated–e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets–Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets–Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets–Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives identified as a hedging tool, see section (v) below.
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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets–Subsequent measurement and gains and losses (continued)

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities–Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses (continued)

the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. For derivatives identified as a hedging tool, see section (v) below.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(iv) Offsetting of financial asset and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instrument and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest rate risk.

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

Hedge accounting

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(v) Derivative financial instrument and hedge accounting (continued)

Hedge accounting

on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group identifies only the change in value in the spot element of the forward contract as the hedging instrument in the cash flow hedging relationship.

The Group enters into forward contracts in order to hedge the foreign currency risk on product imports arising from the foreign currency differences between the purchase order date and arrival date.

The change in the FV of the forward value of forward foreign currency contracts ("forward element") is accounted for as a hedge fund as a separate component in equity as the cost of hedging.

If a hedged forecast transaction results in the subsequent recognition of a non-financial asset or liability, the amount accumulated in the hedge fund and the cost of the hedge are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(v) Derivative financial instrument and hedge accounting (continued)

Hedge accounting (continued)

cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(f) Impairment of assets

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(f) Impairment of assets *(continued)*

Non-derivative financial assets (continued)

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables (TFRS 9 requires lifetime expected credit losses to be used for all trade receivables). The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(f) Impairment of assets *(continued)*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are creditimpaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested annually for impairment.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

Non-financial assets (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs ("Cash Generating Unit"). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Long term employee benefits

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated without due cause, called up for military service, death or retirement. TAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

(i) Long term employee benefits (continued)

Provision for employee termination benefits (continued)

under defined benefit plans. Consequently, in the accompanying consolidated financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employee. Severance payment provisions are not subject to legal funding.

In accordance with the Russian Labor Law (the Article 178 "Dismissal allowances", Chapter 27, Section VII "Guarantees and compensations"), when the Group company unilaterally terminates the employment agreement, employer should inform the employee two months before position cancelling date. After two months, at the date of dismissal, employer is required to pay the employee a dismissal compensation at the amount of one-month average wage. In case the employee can not find an employment during two preceding months after the dismissal date, employee has right to request.

The Group has not recorded any reserve for employee severance payments for its employees in foreign subsidiaries, except Russia since only under very specific circumstances a company is liable to pay a severance according to labour laws of the foreign entities.

(ii) Short term employee benefits

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. The Group is obliged to make payments for unused vacation days in the amount of the employment contract is terminated on the date of the daily gross wage and contract related interests on the total payment. The Group provides reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. Vacation pay liability is measured on an undiscounted basis and is recognised in profit or loss as the related service is provided.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(h) Provisions; contingent liabilities and contingent assets

In cases where there is a present legal or contractual obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will arise to settle the obligation, and the amount of the obligation can be reliably estimated, Group management allocates a provision for the amount of the obligation in the accompanying consolidated financial statements. Provisions are calculated based on the Group management's best estimate of the expenditure to be made to settle the obligation as of the balance sheet date and are discounted to present value where the effect of time value of money is material. It is defined as a current liability that will result in an outflow of resources resulting from past events and which, in case of fulfillment, will contain economic benefits.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the consolidated financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the consolidated financial statements about the contingent asset if the entry of economic benefit is certain, the asset and its related income changes are included in the consolidated financial statements at the date that they occurred.

(i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

- i. has control or joint control of the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(i) Related parties *(continued)*

b) An entity is related to a reporting entity if any of the following conditions applies:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(j) Revenue

(i) General model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(j) Revenue *(continued)*

*(i) General model for accounting of revenue *(continued)**

Step 1: Identify the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identify the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

- (a) a performance obligation either a good or service that is distinct; or
- (b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group describes a good or service specified in the contract as a different good or service, if it can describe them separately from the other undertakings in the contract and ensures that the customer can use the said good or service solely or together with other resources made available to it. A contract may contain an undertaking to provide a series of different goods or services which are essentially the same. At the beginning of the contract, a business determines whether a series of goods or services is a single performance obligation.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(j) Revenue *(continued)*

*(i) General model for accounting of revenue *(continued)**

Step 3: Determine the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable cost

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(j) Revenue *(continued)*

Stage 5: Revenue recognition

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Goods sold

In overall, the Group has wholesale, retail and e-commerce business. Retail sales represent sales to consumers at mono-brand Mavi stores that the Group operates. Revenue is recognized when the control is transferred to the buyer. Revenue from the sale of goods through retail business in the course of ordinary activities is measured at the fair value of the consideration received in cash or credit card. The discount is recognized as a reduction of revenue as the sales are recognized.

Wholesale sales are to third-party retailers that then on-sell to consumers. The wholesale channel includes Mavi mono-brand stores operated by franchisees, department store chains, corner shops, and third-party online channels. The Group signs franchise agreements with franchises. However, the Group does not send consignment inventory to these

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(j) Revenue *(continued)*

franchises nor does the Group earn franchise fees on these agreements. The Group recognizes revenues from franchisees on a principal basis as gross when the control has been transferred to the franchisees.

In addition, the Group has consignments in certain department stores. Revenue from these consignments is recognized only after they are sold to the end customer as defined above. E-commerce represents direct sales that the Group makes to consumers on own mavi.com websites. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If a rebate is likely to be granted and the amount can be reliably measured, the deduction amount is deducted from revenue at the time revenue is recorded.

The Group also generates revenue in the form of royalty fees.

Corporate cards given to customers during the reporting period are valid until a specific maturity date. Unused balance of the corporate cards are recognized as revenue following the expiration date.

Loyalty programme

For customer loyalty programmes, the fair value of the consideration receivable in respect of the initial sale is allocated to the "Kartuş Card Points". The present fair value of the Kartuş Card Points, which can be redeemed as discount against future purchases by customers, is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and revenue is recognized only when the points are redeemed and the Group has fulfilled its obligations to supply the discounted products. The amount of revenue recognized in those circumstances is based on the number of points that have been redeemed in exchange for discounted products, relative to the total number of points that is expected to be redeemed.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(k) Income from investing activities and expenses from investing activities

Income from investment activities includes income from sales of property, plant and equipment and scrap.

Expenses from investment activities include expenses incurred by sales of property, plant and equipment.

(l) Earnings per share

Earnings per shares is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

(m) Research and development expenses

The Group has a separate department which operates to research and develop new fabric and design. As a result of these operations of the department, sample productions are made including new collections' desgins. Costs incurred on development projects are recognised as intangible assets only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs that have been capitalised are amortised on a straight-line basis over their estimated useful lives (1 year).

(n) Finance income and finance cost

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities (other than trade receivables and payables) are reported on a gross basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax

Tax expense comprises of current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit,
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future,
- taxable temporary differences related to initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused prior year tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that is probable that future taxable profits will available against which they can be utilised.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(o) Tax *(continued)*

(ii) Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company and its consolidated subsidiaries have reflected their deferred tax assets and liabilities in their financial statements, but there has been no netting on a consolidated basis.

(iii) Tax risk

The Group takes into account whether the Group has the uncertain tax position and the surcharge has to be paid and the tax liability while it determines the current tax expense and delayed tax expense. The assessment might include judgments about future events and is based on estimates and assumptions. In case there exists new information about the adequacy of the Group's current tax liability which will cause a change in the professional judgment; this change will affect the period which the situation emerges.

(iv) Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(p) Government grants

The Group obtains government incentives under the Turquality program from Turkish Republic Ministry of Economy. The Group is initially recognises government grants related to trade mark developments in international markets in profit or loss as deduction of relevant selling, marketing and distribution expenses at fair value when there is reasonable assurance that the incentives will be received.

(q) Measurement of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(a) Measurement of fair value *(continued)*

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price—i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(a) Measurement of fair value *(continued)*

(i) Financial assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial instruments reflect their fair value as they include hedging transactions. The classification of derivative financial instruments for fair value measurement is Level 2.

(ii) Other non-derivative financial liabilities

Forward exchange contracts

The fair values of forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Measurement of fair value (continued)

(iv) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair value of customer relationships acquired in a business combination are determined according to the income approach.

2.6 Use of accounting judgements and estimates

In preparing these consolidated financial statements management has made judgements, estimates, and assumptions that affects the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment is included in the following notes:

- Note 7 Trade receivables: Allowance for doubtful receivables, Expected credit losses.
- Note 9 Inventory: Allowance for inventory impairment.
- Note 10 Deferred income: Estimation of loyalty credits that can be redeemed in the next years.
- Note 11 and 12 Property equipment and and intangibles: Useful lives.
- Note 12 and 13 Impairment of intangible assets including goodwill: Key assumptions, underlying recoverable amounts.
- Note 15 and 17 Provision for employee termination benefits: Key actuarial assumptions.
- Note 15 Provisions for sales returns: Estimation of return, provision for upcoming months using the historical data.
- Note 30 Deferred tax asset: Estimation of recoverability.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	Reference to the Conceptual Framework
Amendments to TAS 16	Property, Plant and Equipment–Proceeds before Intended Use
Amendments to TAS 37	Onerous Contracts–Cost of Fulfilling a Contract
Amendments to IAS 8	Definition of Accounting Estimates
Annual Improvements to 2018–2020	TFRS Standards Amendments to TFRS 1, TFRS 9 and TAS 41
Amendments to TFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts–Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

a) Amendments that are mandatorily effective from 2022 (continued)

Amendments to TAS 37 Onerous Contracts–Cost of Fulfilling a Contract (continued)

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018–2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

a) Amendments that are mandatorily effective from 2022 (continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 (continued)

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group's consolidated financial statements.

b) New and revised TFRSs in issue but not yet effective (continued)

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	Insurance Contracts
Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 4	Extension of the Temporary Exemption from Applying TFRS 9
Amendments to TAS 1	Disclosure of Accounting Policies
Amendments to TAS 8	Definition of Accounting Estimates
Amendments to TAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to TFRS 17	Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendment to TFRS 17)
Amendments to TFRS 16	Lease Liability in a Sale and Leaseback
Amendments to TAS 1	Non-current Liabilities with Covenants

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards *(continued)*

b) New and revised TFRSs in issue but not yet effective *(continued)*

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards *(continued)*

b) New and revised TFRSs in issue but not yet effective *(continued)*

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9—Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

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2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

b) New and revised TFRSs in issue but not yet effective (continued)

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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3 Segment reporting

	1 February 2022–31 January 2023			1 February 2021–31 January 2022		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	8,829,288	1,762,613	10,591,901	3,752,851	866,468	4,619,319
-Retail	6,694,253	262,688	6,956,941	2,740,432	90,526	2,830,958
-Wholesale	1,341,962	1,121,202	2,463,164	591,437	600,586	1,192,023
-E-commerce	793,073	378,723	1,171,796	420,982	175,356	596,338
Segment profit/(loss) before tax	1,654,222	48,861	1,703,083	459,786	79,236	539,022
	31 January 2023			31 January 2022		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	7,261,292	1,381,452	8,642,744	3,185,132	910,172	4,095,304
Total segment liabilities	5,301,859	608,937	5,910,796	2,455,586	446,361	2,901,947

The Group applies TFRS 8 and operating segments are determined based on internal reports that are regularly reviewed by the Group's decision maker.

The Group has 2 strategic operating segments as Turkey and International based on the geographical areas where sales are generated. These divisions are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

⁽¹⁾Segment revenue comprised of third-party sales after elimination between consolidated entities.

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4 Cash and cash equivalents

As of 31 January 2023 and 31 January 2022 cash and cash equivalents comprises the following:

	31 January 2023	31 January 2022
Cash on hand	6,535	2,974
Cash at banks	2,722,275	1,210,973
<i>Demand deposits</i>	136,294	91,449
<i>Time deposits</i>	2,585,981	1,119,524
Other cash and cash equivalents	494,302	264,662
Cash and cash equivalents in the statement of cash flow	3,223,112	1,478,609
Time deposit interest accrual	21,500	3,008
	3,244,612	1,481,617

As at 31 January 2023 and 31 January 2022, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2022 and 2021, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2023
TL	1 February –3 March 2023	11.00%–29.75%	2,506,440
USD	1 February 2023	0.50%	71,769
EUR	1 February 2023	0.50%	7,772
			2,585,981

	Maturity	Interest rate	31 January 2022
TL	1 February –1 March 2022	14.5%–20.5%	1,065,935
USD	1 February 2022	0.50%	33,132
EUR	1 February 2022	0.25%	20,457
			1,119,524

As of 31 January 2023 and 31 January 2022, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 34.

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5 Financial borrowings

As at 31 January 2023 and 31 January 2022, financial borrowings comprise the following:

	31 January 2023	31 January 2022
Current liabilities		
Unsecured bank loans	813,247	644,828
Current portion of unsecured bank loans	217,297	245,780
Issued debt instruments	509,972	--
Lease liabilities	350,245	229,295
	1,890,761	1,119,903
Non-current liabilities		
Lease liabilities	289,816	276,630
	289,816	276,630

As of 31 January 2023 and 31 January 2022, the Group's total bank borrowings and lease payables are as follows:

	31 January 2023	31 January 2022
Bank loans ⁽¹⁾	1,030,544	890,608
Issued debt instruments	509,972	--
Lease liabilities	640,061	505,925
	2,180,577	1,396,533

⁽¹⁾Bank loans comprise financial liabilities to participation banks amounting to TL 187,769 (31 January 2022: TL 86,846).

As of 31 January 2023 and 31 January 2022 the repayments of bank loan agreements according to the original maturities comprised the following:

	31 January 2023	31 January 2022
Less than one year	1,540,516	890,608
	1,540,516	890,608

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5 Financial borrowings (continued)

As of 31 January 2023 and 2022 maturities and conditions of outstanding bank loans comprised the following:

	31 January 2023				
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	16.50%-28.00%	2023	894,000	948,588
Unsecured bank loans	USD	6.89%	2023	16,909	16,909
Unsecured bank loans	RUB	13.50%	2023	13,419	13,830
Unsecured bank loans	CAD	7.20%	2023	50,934	51,217
Issued debt instruments	TL	33.50%-35.18%	2024	500,000	509,972
				1,475,262	1,540,516

	31 January 2022				
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.70%	2022	60,614	60,828
Unsecured bank loans	TL	8.72%-25.20%	2022-2023	682,234	692,835
Unsecured bank loans	USD	2.00%-3.26%	2022	40,205	40,524
Unsecured bank loans	RUB	9.50%-12.00%	2022-2023	91,134	91,891
Unsecured bank loans	CAD	2.95%	2022	4,530	4,530
				878,717	890,608

The Group's exposure to liquidity, foreign currency and interest rate risk as well as related sensitivity analyses for financial liabilities are disclosed in Note 34.

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5 Financial borrowings (continued)

The movement of borrowings for the year ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	31 January 2022
1 February balance	890,608	926,541
Proceeds from borrowings	1,286,528	736,901
Repayment of borrowings	(762,280)	(886,251)
Interest accrual	51,978	2,893
Currency translation differences	69,248	86,993
Change in exchange rates	4,434	23,531
31 January balance	1,540,516	890,608

The movement of lease liabilities for the year ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	31 January 2022
1 February balance	505,925	478,618
Payments of lease liabilities	(429,847)	(269,864)
Covid discount (Note 28)	--	(51,211)
Lease modifications	351,367	168,248
Interest on lease liabilities	83,397	70,711
New lease contracts	80,113	43,830
Currency translation differences	60,423	71,077
Change in exchange rates	(458)	610
Terminations	(10,859)	(6,094)
31 January balance	640,061	505,925

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5 Financial borrowings (continued)

	31 January 2023	31 January 2022
Short term portion of long term liabilities		
Lesase liabilities	409,849	273,248
Deferred lease borrowing cost (-)	(59,604)	(43,953)
	350,245	229,295
Long term lease liabilities		
Leases liabilities	346,321	334,258
Deferred lease borrowing costs (-)	(56,505)	(57,628)
	289,816	276,630
Total contractual lease liabilities	640,061	505,925

6 Related party disclosures

Related parties in consolidated financial statements are determined as key management personnel, board of directors, family members, subsidiaries controlled by the Company. Several related party transactions are carried out during ordinary course of the business.

As of 31 January 2023, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

As of 31 January 2023, there are no short-term trade receivables from related parties (31 January 2022: None).

	31 January 2023	31 January 2022
Advances given to related parties		
Erak Giyim Sanayi Ticaret A.Ş.("Erak") ⁽¹⁾	82,365	86,982
	82,365	86,982

⁽¹⁾ Advances given to Erak is related to fabric purchases and are tracked in prepaid expenses.

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6 Related party disclosures (continued)

(a) Related party balances (continued)

The balance of trade payables to related parties for the periods ended 31 January 2023 and 31 January 2022 is as follows.

	31 January 2023	31 January 2022
Trade payables to related parties		
Erak ⁽¹⁾	193,311	144,281
Akay Lelmalabis Elgazhizah LLC ("Akay") ⁽²⁾	130,630	68,522
	323,941	212,803

⁽¹⁾Amounts due to Erak, a company controlled by immediate family members of the shareholder of the parent company, are for purchases of inventory. Amounts are non-interest bearing and have 90 days repayment date.

⁽²⁾Amount comprise of inventory purchases to subsidiary Akay situated in Egypt. Amounts are non-interest bearing and have 90 days repayment date.

As at 31 January 2023 and 31 January 2022, Other receivable to related parties comprised the following:

	31 January 2023	31 January 2022
Other receivables from related parties		
Mavi USA shareholders	12,216	--
	12,216	--

As at 31 January 2023 and 31 January 2022, other short-term payables to related parties comprised the following:

	31 January 2023	31 January 2022
Other payables to related parties		
Eflatun Giyim shareholders	41	41
Short-term other payables to related parties	41	41

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6 Related party disclosures (continued)

(a) Related party balances (continued)

As at 31 January 2023 and 31 January 2022, lease liabilities to related parties comprised the following:

	31 January 2023	31 January 2022
Short-term lease liabilities to related parties		
Sylvia House Inc.	184	1,464
Mavi Jeans Holding Inc.	275	2,408
	459	3,872
	31 January 2023	31 January 2022
Long-term lease liabilities to related parties		
Sylvia House Inc.	--	133
Mavi Jeans Holding Inc.	--	197
	--	330

The balance of trade payables to related parties for the periods ended 31 January 2023 and 31 January 2022 is as follows.

(b) Related party transactions

For the years ended 31 January 2023 and 2022, purchases from related parties of the Group comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Product purchase from related parties		
Erak	1,906,959	730,510
Akay	309,149	110,200
	2,216,108	840,710

Purchases from related parties comprise approximately one third of total purchases.

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6 Related party disclosures (continued)

(b) Related party transactions (continued)

As of 31 January 2023 and 31 January 2022, the services from related parties of the Group comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Services from related parties		
Erak ⁽¹⁾	4,370	2,255
Mavi Jeans Holding Inc. ⁽²⁾	3,433	1,799
Sylvia House Inc. ⁽³⁾	2,495	1,442
	10,298	5,496

⁽¹⁾ The Group rented Çerkezköy and Bayrampaşa retail stores from Erak.

⁽²⁾ Mavi Canada rented its Office and warehouse from Mavi Jeans Holding Inc.

⁽³⁾ Mavi Canada rented its office in Yaletown, Vancouver from Sylvia House Inc.

(c) Information regarding benefits provided to the Group's key management

For the year ended 31 January 2023, short-term (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium, and other benefits) and long-term benefits provided to senior management and board of directors amounted to TL 294,656 (31 January 2022: TL 121,538).

7 Trade receivables and payables

Short-term trade receivables

As at 31 January 2023 and 31 January 2022, short-term trade receivables are as follows:

	31 January 2023	31 January 2022
Trade receivables from third parties	870,657	394,487
	870,657	394,487

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7 Trade receivables and payables (continued)

Short-term trade receivables (continued)

As at 31 January 2023 and 31 January 2022, trade receivables from third parties are as follows:

	31 January 2023	31 January 2022
Receivables	754,730	344,531
Post-dated cheques	7,483	5,322
Endorsed cheques	20,702	6,179
Notes receivables	91,917	40,622
Expected credit losses (-)	(4,175)	(2,167)
Doubtful receivables	53,262	37,265
Allowance for doubtful receivables (-)	(53,262)	(37,265)
	870,657	394,487

The provision for the doubtful receivables is determined based on the past experience of non-collectible receivables.

Details related to Group’s exposure to credit and foreign currency risk and impairment losses for short term trade receivables is disclosed in Note 34.

Short-term trade payables

As at 31 January 2022 and 31 January 2021, short term trade payables of the Group are as follows:

	31 January 2023	31 January 2022
Trade payables to third parties	2,636,580	975,843
Trade payables to related parties (Note 6)	323,941	212,803
	2,960,521	1,188,646

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7 Trade receivables and payables (continued)

Short-term trade payables (continued)

Trade payables mainly include outstanding amounts arising from trade purchases and ongoing expenditures. Currency and liquidity risk related to the Group's short-term trade payables are explained in Note 34. As of 31 January 2023 and 31 January 2022, the Group's short-term trade payables to third parties are as follows:

	31 January 2023	31 January 2022
Trade payables ⁽¹⁾	2,538,840	932,373
Expense accruals	97,740	43,470
	2,636,580	975,843

TL 458,511 (31 January 2022: TL 243,372) of trade payables consists of import factoring payables and TL 892,744 (31 January 2022: TL 278,358) consists of supplier financing payables. The Company carries out import factoring for its goods purchases from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions they work with, with the Company's confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions with which the Company works with confirmation of assignment.

8 Other receivables and payables

Other short-term trade receivables

As at 31 January 2023 and 2022, short term other receivables of the Group are as follows:

	31 January 2023	31 January 2022
Other receivables from third parties	19,194	33,211
	19,194	33,211

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8 Other receivables and payables (continued)

Other short-term trade receivables (continued)

As at 31 January 2023 and 31 January 2022, short-term other receivables from third parties of the Group are as follows:

	31 January 2023	31 January 2022
Receivables from public institutions ⁽¹⁾	1,952	5,394
Other short-term receivables	17,242	27,817
	19,194	33,211

⁽¹⁾ Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 62 (31 January 2022: TL 76) and value added tax receivables amounting to TL 870 (31 January 2022: TL 4,300).

The Group's exposure to credit and foreign currency risk for short term other receivables are disclosed in Note 34.

Long-term other receivables

As at 31 January 2023 and 2022, long term other receivables of the Group are as follows:

	31 January 2023	31 January 2022
Other receivables from third parties	10,575	6,354
	10,575	6,354

The Group's exposure to credit and foreign currency risk for long term other receivables are disclosed in Note 34.

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8 Other receivables and payables (continued)

Short term other payables

As at 31 January 2023 and 2022, short term other payables of the Group are as follows:

	31 January 2023	31 January 2022
Other payables to third parties	39,721	18,978
Other payables to related parties (Note 6)	41	41
	39,762	19,019

As at 31 January 2023 and 2022, other payables to third parties of the Group are as follows:

	31 January 2023	31 January 2022
Taxes and duties payable	32,375	18,401
Other payables	7,346	577
	39,721	18,978

The Group's exposure to foreign currency and liquidity risk for other short term payables is disclosed in Note 34.

9 Inventories

As at 31 January 2023 and 2022, inventories are as follows:

	31 January 2023	31 January 2022
Trade goods	2,257,791	737,768
Consignment trade goods	152,511	41,290
Goods in transit	5,472	5,265
Provision for impairment on inventory (-)	(108,188)	(32,925)
	2,307,586	751,398

As at 31 January 2023 there is no restriction/ pledge on inventories (31 January 2022: none).

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9 Inventories (continued)

As at 31 January 2023 and 31 January 2022, movement of the provision for inventory impairment is as follows:

	31 January 2023	31 January 2022
Opening balance	32,925	26,222
Provision for the year	90,857	20,572
Effect of movements in exchange rates	7,827	6,212
Write-off	(23,421)	(20,081)
Closing balance	108,188	32,925

As of the year ending on 31 January 2023, inventories of TL 90,857 (31 January 2022: TL 20,572) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the year and included in "cost of sales". In addition, for the year ended on 31 January 2023, inventories of TL 23,421 (31 January 2022; TL 20,081) were disposed and written off.

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10 Prepaid expenses and deferred incomes

Short and long-term prepaid expenses

As at 31 January 2023 and 2022, the remaining balance of prepayments under current and non-current assets is as follows:

	31 January 2023	31 January 2022
Advances given ⁽¹⁾	131,305	90,731
Prepaid sales marketing and advertising expenses	20,222	10,080
Prepaid license expenses	7,192	3,347
Prepaid general administrative expenses	5,890	4,563
Prepaid insurance expenses	4,710	1,789
Prepaid rent expenses	2,068	5,653
Prepaid stamp tax and duties expenses	861	274
Other prepaid expenses	23,894	4,236
Total prepaid expenses	196,142	120,673
Long-term prepaid expenses	--	7
Short-term prepaid expenses	196,142	120,666

⁽¹⁾Advances given mainly comprise of advances given to producers and service providers including fabric advances given to Erak (Note 6).

Deferred revenue

As at 31 January 2023 and 31 January 2022, deferred income of the Group are as follows:

	31 January 2023	31 January 2022
Customer loyalty programme ⁽¹⁾	46,128	19,159
Salary protocol	54,237	1,318
Corporate sales ⁽²⁾	14,258	8,835
Rent income	1,054	1,244
Total deferred revenue	115,677	30,556
Short term deferred revenue	81,668	29,826
Long term deferred revenue	34,009	730

⁽¹⁾ The deferred income related to loyalty credits granted has been estimated with reference to the past usage rates.

⁽²⁾ Corporate sales consist of prepaid cards which are given to corporate firms.

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11 Property, plant and equipment

The movement of property and equipment for the year ended 31 January 2023 and 31 January 2022 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2021 opening balance	186	318,091	238,169	16,243	572,689
Additions	--	58,179	40,971	31,142	130,292
Disposals	(41)	(1,724)	(2,067)	--	(3,832)
Foreign currency translation effect	--	34,469	25,862	2,460	62,791
Transfers ⁽¹⁾	--	6,036	7,524	(40,973)	(27,413)
31 January 2022 closing balance	145	415,051	310,459	8,872	734,527
1 February 2022 opening balance	145	415,051	310,459	8,872	734,527
Additions	--	112,581	91,346	16,888	220,815
Disposals	--	(14,214)	(10,390)	--	(24,604)
Foreign currency translation effect	--	41,211	22,543	1,750	65,504
Transfers ⁽¹⁾	--	4,678	3,858	(21,511)	(12,975)
31 January 2023 closing balance	145	559,307	417,816	5,999	983,267

⁽¹⁾ Transfers of TL 12,975 as of 31 January 2023, and TL 27,413 as of 31 January 2022 are related to transfers to intangible assets.

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11 Property, plant and equipment (continued)

The movement of property and equipment for the year ended 31 January 2023 and 2022 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2021 opening balance	186	211,053	163,771	--	375,010
Foreign currency translation effect	--	24,358	17,736	--	42,094
Depreciation for the year	--	34,036	27,970	--	62,006
Disposals	(41)	(1,641)	(1,888)	--	(3,570)
31 January 2022 closing balance	145	267,806	207,589	--	475,540
1 February 2022 opening balance	145	267,806	207,589	--	475,540
Foreign currency translation effect	--	27,125	15,806	--	42,931
Depreciation for the year	--	52,174	39,250	--	91,424
Disposals	--	(13,294)	(8,786)	--	(22,080)
31 January 2023 closing balance	145	333,811	253,859	--	587,815
Net book value					
31 January 2022 balance	--	147,245	102,870	8,872	258,987
31 January 2023 balance	--	225,496	163,957	5,999	395,452

For the year ended 31 January 2023, TL 19,976 (31 January 2022: TL 10,501) of depreciation expenses are included under administrative expenses, TL 71,194 (31 January 2022: TL 51,457) under selling, marketing and distribution expenses and TL 254 (31 January 2022: TL 48) under research and development expenses.

As of 31 January 2023, there is no pledge on property, plant and equipment (31 January 2022: nil).

As at 31 January 2023 the amount of insurance on property, plant and equipment is TL 1,593,295 (31 January 2022: TL 472,454).

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12 Intangible assets

The movement of intangible assets As of 31 January 2023 and 31 January 2022 are as follows:

Cost	Licenses	Customer relationships	Brand	Development Costs ⁽¹⁾	Total
1 February 2021 balance	74,637	82,244	923	29,712	187,516
Additions ⁽²⁾	15,546	--	--	18,109	33,655
Transfer from property, plant and equipment	9,599	65,788	--	--	75,387
Foreign currency translation effect	27,413	--	--	--	27,413
Disposals	(17)	--	--	--	(17)
31 January 2022 balance	127,178	148,032	923	47,821	323,954
1 February 2022 balance	127,178	148,032	923	47,821	323,954
Additions ⁽²⁾	40,599	--	--	34,737	75,336
Transfer from property, plant and equipment	12,975	--	--	--	12,975
Foreign currency translation effect	13,411	56,878	--	--	70,289
Disposals	(1,552)	--	--	--	(1,552)
31 January 2023 balance	192,611	204,910	923	82,558	481,002

⁽¹⁾Consist of capitalized design and development expensesin accordance with incentive programme.

⁽²⁾Development costs consist TL 1,195 capitalized amortisation expenses (31 January 2022: TL 118).

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12 Intangible assets (continued)

	Licenses	Customer relationships	Brand	Development Costs	Total
Amortisation					
1 February 2021 balance	56,836	39,973	384	16,550	113,743
Foreign currency translation effect	6,865	35,529	--	--	42,394
Current year amortization	13,556	10,645	43	12,698	36,942
Disposals	(14)	--	--	--	(14)
31 January 2022 balance	77,243	86,147	427	29,248	193,065
1 February 2022 balance	77,243	86,147	427	29,248	193,065
Foreign currency translation effect	7,494	34,539	--	--	42,033
Current year amortization	23,594	19,188	49	19,357	62,188
Disposals	(1,552)	--	--	--	(1,552)
31 January 2023 balance	106,779	139,874	476	48,605	295,734
Carrying amount					
31 January 2022 balance	49,935	61,885	496	18,573	130,889
31 January 2023 balance	85,832	65,036	447	33,953	185,268

For the year ended 31 January 2023, TL 31,285 (31 January 2022: TL 18,465) of amortisation expenses are included under general administrative expenses and TL 13,650 (31 January 2022: TL 7,979) under selling, marketing and distribution expenses, and TL 16,058 (31 January 2022: TL 10,380) under research and development expenses.

The depreciation charge of TL 1,195 for the period ended 31 Januray 2023 is capitalized in accordance with incentive program. (31 January 2022: TL 118).

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13 Goodwill

The movement of goodwill as at 31 January 2023 and 2022 is as follows:

Cost	31 January 2023	31 January 2022
As of 1 February	344,315	190,242
Foreign currency translation effect	134,358	154,073
As of 31 January	478,673	344,315
Impairment loss		
As of 1 February	(1,297)	(1,297)
Impairment loss	--	--
As of 31 January	(1,297)	(1,297)
Net book value		
As of 31 January	477,376	343,018

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2023 and 31 January 2022, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit are as follows;

	31 January 2023	31 January 2022
Mavi America	431,283	307,641
Mavi Canada	42,360	31,644
Other	3,733	3,733
	477,376	343,018

As of 31 January 2023, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

Goodwill is primarily attributable to the synergies expected to be derived from the integration of Mavi America and Mavi Canada into the Group's existing business.

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13 Goodwill (continued)

Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi USA and Mavi Canada as two separate CGU's was performed by the Company management As of 31 January 2023 and 2022. The income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi USA and Mavi Canada.

The Group used 5 years business plans prepared by the Company management for the valuation of CGUs. The growth of business plans of Mavi USA and Mavi Canada is associated with an increase in the number of customers and growth in the market.

As of 31 January 2023, the impairment test performed on CGU based is resulted with no impairment loss to be recorded for Mavi USA and Mavi Canada. The discount rate and the final growth rate, which are two important assumptions used in the impairment test, were taken as 10% above or below the management estimates, and sensitivity analysis is performed and no impairment is detected.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are %12.7; %2.0; %16.0 (31 January 2022:10.9%, 2.0%, 18.9%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are %11.6; %1.9; %10.5 (31 January 2022:10.7%, 1.7%, 13.0%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

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13 Goodwill (continued)

Discount Rate

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital. Value in use is determined by applying post tax discount rate of 12.7% (31 January 2022:10.9%).

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital. Value in use is determined by applying post tax discount rate of 11.6% (31 January 2022:10.7%).

Growth rate

The discounted cash flow models of Mavi USA and Mavi Canada are based on the cash flows projected fro the following five years. A long-term growth rate has been determined as the lower of nominal GDP rates for USA and Canada and long-term compound annual growth rate in EBITDA estimated by management.

Income approach

Discounted cash flow methodology is used under the income approach. In this method, the cash flow available for distribution after funding internal needs of the Company is forecasted for the determined period of years. Beyond such determined period, a terminal value is developed by capitalising an assumed stabilised cash flow figure. Then, the determined period cash flows and terminal value are discounted to present value.

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14 Right-of-use assets

The movement of right-of-use assets for the years ended 31 January 2023 and 31 January 2022 is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	113,923	947,587	27,107	47,476	1,136,093
Additions	589	19,919	21,378	38,227	80,113
Modification	9,301	338,404	1,922	1,740	351,367
Disposals	(1,880)	(48,697)	(8,225)	--	(58,802)
Foreign currency translation effect	29,203	63,741	3,030	21,362	117,336
31 January 2023 balance	151,136	1,320,954	45,212	108,805	1,626,107

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	70,333	591,648	13,667	9,940	685,588
Charge for the period	38,195	295,020	9,115	8,277	350,607
Disposals	(1,883)	(38,291)	(8,114)	--	(48,288)
Foreign currency translation effect	22,456	32,906	2,043	4,403	61,808
31 January 2023 balance	129,101	881,283	16,711	22,620	1,049,715

31 January 2023 net book value	22,035	439,671	28,501	86,185	576,392
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Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	78,936	716,742	18,115	26,217	840,010
Additions	--	36,509	7,321	--	43,830
Modification	4,250	163,045	871	82	168,248
Disposals	(1,741)	(26,300)	(2,126)	--	(30,167)
Foreign currency translation effect	32,478	57,591	2,926	21,177	114,172
31 January 2022 balance	113,923	947,587	27,107	47,476	1,136,093

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14 Right-of-use assets (continued)

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	31,629	363,050	7,545	2,767	404,991
Charge for the year	21,901	227,299	6,302	3,717	259,219
Disposals	(1,740)	(20,762)	(2,126)	--	(24,628)
Foreign currency translation effect	18,543	22,061	1,946	3,456	46,006
31 January 2022 balance	70,333	591,648	13,667	9,940	685,588
31 January 2022 net book value	43,590	355,939	13,440	37,536	450,505

For the year ended 31 January 2023 TL 17,838 (31 January 2022: TL 13,706) of amortisation expenses are included under general administrative expenses and TL 332.253 (31 January 2022: TL 244,467) under selling, marketing and distribution expenses, and TL 516 (31 January 2022: TL 1.046) under research and development expenses.

15 Provisions, contingent assets and liabilities

Short-term provisions

As at 31 January 2023 and 31 January 2022, short-term provisions are as follows:

	31 January 2023	31 January 2022
Short-term provisions for employee benefits	18,829	8,773
Other short-term provisions	105,514	34,530
	124,343	43,303

Short-term provision for employee benefits consists of provision for vacation pay liability. For the years ended 31 January 2023 and 2022, the movement of provision for vacation liability is as follows:

	1 February 2022–31 January 2023	1 February 2021–31 January 2022
1 February balance	8,773	4,144
Current period provision	10,184	3,722
Foreign currency translation differences	1,735	1,815
Payments	(1,863)	(908)
31 January balance	18,829	8,773

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15 Provisions, contingent assets and liabilities (continued)

Short-term provisions (continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with the existing labour law in Group, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

For the years ended 31 January 2023 and 31 January 2022, the movement of other short-term provisions is as follows:

	31 January 2023	31 January 2022
Sales return provision	91,646	27,183
Legal provision ⁽¹⁾	5,751	4,098
Other provisions	8,117	3,249
	105,514	34,530

⁽¹⁾Legal provisions mainly comprise of labor lawsuits.

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15 Provisions, contingent assets and liabilities (continued)

Short-term provisions (continued)

Short-term employee benefits (continued)

For the years ended 31 January 2023 and 31 January 2022, the movement of short-term provisions is as follows:

	Legal provision ⁽¹⁾	Return provisions	Other provision	Total
1 February 2021 balance	2,843	10,947	1,879	15,669
Current year provision	2,269	10,211	1,251	13,731
Foreign currency translation differences	--	8,334	1,412	9,746
Provisions used during year	(891)	--	--	(891)
Provisions reversed	(123)	(2,309)	(1,293)	(3,725)
31 January 2022 balance	4,098	27,183	3,249	34,530
1 February 2022 balance	4,098	27,183	3,249	34,530
Current year provision	2,779	56,774	3,898	63,451
Foreign currency translation differences	--	7,689	1,684	9,373
Provisions used during year	(797)	--	--	(797)
Provisions reversed	(329)	--	(714)	(1,043)
31 January 2023 balance	5,751	91,646	8,117	105,514

⁽¹⁾Litigation provisions mainly consist of workers' lawsuits.

Long-term provisions

As of 31 January 2023 and 31 January 2022, the movement of long-term provisions is as follows:

	31 January 2023	31 January 2022
Long-term provisions for employee benefits	61,122	23,176
	61,122	23,176

Long term employee benefits consist of severance pay liabilities. The details of severance pay liability are disclosed in Note 17.

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16 Commitments

(a) Guarantees, pledges and mortgages

As of 31 January 2023 and 2022, the Group's guarantee/pledge/mortgage ("GPM") position statement is as follows:

	31 January 2023					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	161,233	75,028	3,218	3,619	1,033	--
Guarantee	161,233	75,028	3,218	3,619	1,033	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	59,898	--	53	4,159	75	4,000
Guarantee	59,898	--	53	4,159	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	221,131	75,028	3,271	7,778	1,108	4,000

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16 Commitments (continued)

(a) Guarantees, pledges and mortgages (continued)

	31 January 2022					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	190,152	51,842	8,122	--	1,249	--
Guarantee	190,152	51,842	8,122	--	1,249	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	47,644	--	156	13,131	75	4,000
Guarantee	47,644	--	156	13,131	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	237,796	51,842	8,278	13,131	1,324	4,000

As of 31 January 2023, ratio of other GPM given by the Group to equity was 0% (31 January 2022: 0%).
As of 31 January 2023, there are no letters of guarantee given to Eximbank. (31 January 2022: TL 67,349).
The Group has purchase commitments related to inventory amounting to TL 3,618,520 as of 31 January 2023 (31 January 2022: TL 1,852,521).

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16 Commitments (continued)

(b) Guarantees received

As of 31 January 2023, Group has received letter of guarantees for the amount of TL 176,570 as in the form of security (31 January 2022: TL 16,827).

17 Employee benefits

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Due to changes in legislation as of 8 September 1999, there are certain transitional obligations related to the retirement age.

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 19,983 at 31 January 2023 (31 January 2022: TL 10,849) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

The liability is calculated by estimating the present value of the future probable obligation of the Company arising from retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

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17 Employee benefits (continued)

Provision for employment termination benefits (continued)

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore, discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, As at 31 January 2023 and 2022, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees Accordingly, the liability is calculated using the following actuarial assumptions.

	31 January 2023	31 January 2022
Discount rate (%)	2.50	3.83
Estimated inflation (%)	19.12	17.50

All actuarial gain and losses are recognized in other comprehensive income.

For the years ended 31 January 2022 and 2021 the movement of provision for severance pay liability is as follows:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
As of 1 February	23,176	9,081
Interest cost	832	401
Service cost	54,129	19,595
Paid benefits	(20,445)	(14,114)
Effect of movements in exchange rates	812	653
Actuarial difference	2,618	7,560
As of the end of the period	61,122	23,176

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18 Payables related to employee benefits

As at 31 January 2023 and 31 January 2022 payables to employees are as follows:

	31 January 2023	31 January 2022
Payables to personnel ⁽¹⁾	170,709	88,184
Social security premiums payable	32,311	11,872
	203,020	100,056

⁽¹⁾ Payables to personnel consist of the salary and wages to be paid in the following month.

19 Other asset and liabilities

Other current assets

As at 31 January 2023 and 31 January 2022, other current assets are as follows:

	31 January 2023	31 January 2022
Transferred and deducted value added tax ("VAT")	43,204	11,445
	43,204	11,445

Other current liabilities

As at 31 January 2023 and 31 January 2022, other current liabilities are as follows:

	31 January 2023	31 January 2022
Advances received	43,633	18,119
	43,633	18,119

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20 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2023 and 31 January 2022, paid capital is as follows:

	%	31 January 2023	%	31 January 2022
Akarlılar Family	27.19	27,000	27.19	13,500
Blue International	0.22	216	0.22	108
Publicly held	72.60	72,098	72.60	36,049
	100.00	99,314	100.00	49,657

Increasing the registered capital ceiling from TL 245,000,000 to TL 500,000,000, which was approved at the Ordinary General Assembly Meeting held on 27 April 2022 and the transactions regarding the increase of Company's issued capital from 49,657,000 TL to 99,314,000 TL by covering the whole of the "Retained Earnings" account were registered on 13 May 2022. As a result of the capital increase transaction registered on 13 May 2022, the Company's capital was issued as of 31 January 2023 and consists of 99,314,000 shares (31 January 2022: 49,657,000 shares), each with a nominal value of 1 full TL (31 January 2022: 1 full TL).

The Company comprises of A and B group shares.

-As long as Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), half of the members of the Company's Board of Directors shall be elected from among the persons to be nominated by Class A shareholders. The Board of Directors members to be elected from among the nominees of the Class A shareholders shall be members other than the independent members stipulated under the Corporate Governance Principles of the Capital Markets Board.

-Provided that the quorums stipulated under the Capital Markets Law and the Turkish Commercial Code are reserved, in order for the Company's General Assembly to pass a resolution on the matters listed below and on amendments to these Articles of Association on any of such matters ("Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of all of the Class A Shareholders shall also be required:

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20 Capital, reserves and other capital reserves (continued)

Paid-in capital (continued)

- Changing the Company's field of operation, entering into new lines of business or abandoning existing lines of business.
- Capital increases of the Company other than those to be effected within the registered capital system, liquidation or dissolution of the Company, any capital decrease, change of legal form of the Company.
- Filings for bankruptcy, concordat, financial restructuring, adjournment of bankruptcy.
- Transfer of all or a substantial part of the Company's commercial enterprise.
- Changes to the privilege of Class A Shareholders to nominate Board Members, or to the structure of the Board of Directors.
- Changes to the meeting and resolution quorums of the Board of Directors and committees of the Company.
- Approval of the annual activity report, the profit and loss statement and the balance sheet, and release of the Board members from liability.

If, following the public offering, Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries do not hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), the increased quorum stated above for the Matters Requiring Increased General Assembly Resolution Quorum shall automatically cease to be effective, without the possibility of being rejuvenated at a later date. The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 March 2017 No.9/332. The upper limit of the Company's registered capital is TL 245,000,000, which is divided into 245,000,000 registered shares, each with a nominal value of TL 1 (one Turkish Lira).

Remeasurement loss on defined benefit plans

Amounts include actuarial gains and losses recognized in other comprehensive income.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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20 Capital, reserves and other capital reserves (continued)

Translation reserve (continued)

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 January 2023, the Company's legal reserves are amounting to TL 19,771 (31 January 2022: TL 19,771).

Dividend distribution

At the Ordinary General Assembly meeting held at 27 April 2022, dividend distribution of TL 120,429 (dividend per gross share: TL2.43) from 2021 and previous years' distributable net income was approved unanimously. Entire dividend payment has been completed as of reporting date.

Financial hedging reserve

The hedging reserve consists of the effective part of the accumulated net change in its fair value from cash flow hedging to the subsequent recognition of instruments for hedging purposes.

Purchase of share of entities under common control

On 2 December 2011 the Company merged with Mavi Grup Giyim Ticaret A.Ş. ("Mavi Grup"). Mavi Grup had owned the Company's shares in amount of 99.9% until the date of this merger. The difference between investment and share capital of the Company amounting to TL 35,757 has been recognized as an equity transaction as purchase of share of entities under common control.

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21 Revenue

For the years ended 31 January 2023 and 2022, revenue comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Goods and service revenue		
–Retail	6,956,941	2,830,958
–Wholesale	2,463,164	1,192,023
–E-commerce	1,171,796	596,338
	10,591,901	4,619,319

The Group derives its revenue from the transfer of goods and services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under TFRS 8 (Note 4).

22 Cost of sales

For the years ended 31 January 2023 and 31 January 2022, cost of sales comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Cost of trade goods sold	4,989,794	2,247,656
	4,989,794	2,247,656

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23 Administrative expenses, selling, marketing and distribution expenses

For the years ended 31 January 2023 and 31 January 2022, administrative expenses comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Personnel expenses	458,449	202,543
Depreciation and amortization expenses (Note 11, 12, 14)	69,099	42,672
Consultancy expenses	47,109	14,212
Office materials expenses	27,885	11,381
General office expenses	12,182	3,942
Rent expenses ⁽¹⁾	7,342	2,374
Travel expenses	8,102	2,123
Other	44,056	23,243
	674,224	302,490

For the years ended 31 January 2023 and 31 January 2022, selling, marketing and distribution expenses comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Personnel expenses	996,992	447,052
Rent expenses ⁽¹⁾	532,961	171,328
Depreciation and amortization expenses (Note 11, 12, 14)	417,097	303,903
Freight-out expenses	191,780	75,436
Outsourced logistics expenses	146,065	89,355
Advertising expenses	146,240	77,230
Consultancy expenses	55,301	20,834
Shopping bag expenses	43,394	21,175
Travel expenses	29,093	9,603
Other	315,735	150,151
	2,874,658	1,366,067

⁽¹⁾Rent expenses covers rent payments calculated on turnover, building management and utilities.

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24 Research and development expenses

For the years ended 31 January 2023 and 2022, research and development expenses comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Personnel expenses	53,094	31,191
Depreciation and amortization expenses (Note 11, 12, 14)	16,828	11,474
Travel expenses	2,745	692
Other	3,047	1,708
	75,714	45,065

25 Other operating income and expense

For the years ended 31 January 2023 and 31 January 2022, other operating income comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Rediscount interest income on trade payables, net	25,945	6,477
Foreign exchange gain on trade receivables and payables, net	14,206	16,116
Salary protocol income	8,098	1,977
Covid 19 incentive income	5,282	10,337
Investment support income	2,550	4,762
Reversal of expected credit loss	393	1,585
Income from lease contract terminations	--	434
Other	19,634	6,073
	76,108	47,761

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25 Other income and expense (continued)

For the years ended 31 January 2023 and 31 January 2022, other expenses comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Foreign exchange gain and loss, net	5,029	3,498
Expected credit losses	1,672	337
Non-deductible tax expense related with previous period	--	505
Other	24,174	2,822
	30,875	7,162

26 Gains and losses from investment activities

As of 31 January 2023 and 31 January 2022, gains from investment activities comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Fx protected deposit income	13,087	--
Gains on sale of fixed assets	1,368	158
	14,455	158

As of 31 January 2023 and 31 January 2022, losses from investment activities comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Losses on sale of fixed assets	685	12
	685	12

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27 Expenses by nature

For the years ended 31 January 2023 and 31 January 2022, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Selling, marketing expenses (Note 23)	417,097	303,903
Administrative expenses (Note 23)	69,099	42,672
Research and development expenses (Note 24)	16,828	11,474
	503,024	358,049

Expenses related to personnel

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Selling, marketing and distribution expenses (Note 23)	996,992	447,052
Administrative expense (Note 23)	458,449	202,543
Research and development expenses (Note 24)	53,094	31,191
	1,508,535	680,786

As of 31 January 2023 and 31 January 2022, the details of expenses related to personnel are as follows:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Wages and salaries	710,466	351,903
Bonus expense	409,168	166,627
Social security premiums	136,804	64,437
Meal expenses	79,881	28,658
Employment termination benefit expenses	70,523	28,228
Overtime expenses	30,167	9,843
Personnel travel expenses	17,076	7,397
Other	54,450	23,693
	1,508,535	680,786

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27 Expenses by nature (continued)

Expenses related to personnel (continued)

Fees for services received from independent auditor / independent audit firm

The Group's explanation regarding the fees for the services received from the independent auditor, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board decision published at official gazette on 30 March 2021, are as follows :

	2022	2023
Independent audit fee for the reporting period	866	1,359
Other assurance services fee	5	5
Other service fees other than independent audit service	125	173
	996	1,537

28 Finance income

For the years ended 31 January 2023 and 31 January 2022, finance income comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Interest income on time deposits	272,650	83,083
Foreign exchange gain	32,117	28,838
Other ⁽¹⁾	--	51,211
	304,767	163,132

⁽¹⁾Other finance income mainly consists of discounts related with rent payments due to Covid-19 pandemic (31 January 2022: TL 51,211).

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29 Finance expenses

For the years ended 31 January 2023 and 31 January 2022, finance costs comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Interest expense on financial liabilities	227,637	94,216
Discount interest on purchases of goods	173,461	77,858
Interest expenses on lease liabilities	83,397	70,711
Credit card commission expenses	72,129	18,248
Import financing expenses	69,815	32,495
Foreign exchange loss	4,660	24,336
Other	7,099	5,032
	638,198	322,896

30 Income taxes

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2022 is 23% (after 2022 corporate tax rate will be 20%) (31 January 2022: 25%).

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30 Income taxes (continued)

Corporate tax (continued)

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

Tax rate used in the calculation of deferred tax assets and liabilities was %20 over temporary timing differences expected to be reversed in 2023 (31 January 2022: 23%), and %20 over temporary timing differences expected to be reversed in 2024 and the following years (31 January 2022: 25%).

As of 31 January 2023 and 31 January 2022 tax rates used in deferred tax calculation according to the tax laws of the countries except Turkey is as follows:

Country	31 January 2023	31 January 2022
Russia	20%	20%
Germany	28.9%	28.9%
America	21%	23.25%
Canada	26.88%	26.88%

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

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30 Income taxes (continued)

Corporate tax (continued)

In Turkey, advance tax returns are filed on a quarterly basis. Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Between 1st-25th days of the fourth month following the closing of the period for those with special accounting periods). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Foreign subsidiaries are subject to the tax legislation in the respective countries and necessary provisions for tax expense have been reflected in the financial statements.

Under the Turkish taxation system, 75% of profit gained from sale of property, plant and equipment of subsidiaries owned at least 2 years can be recognized as exempt income on condition that would be added to equity in following five years. The remaining 25% is subject to corporate tax.

The tax legislation in Turkey does not allow the parent company and its subsidiaries to issue a consolidated tax declaration. For this reason, the tax provisions reflected in the consolidated financial statements are separately calculated for each company subject to consolidation.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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30 Income taxes (continued)

Corporate tax (continued)

USA

The United States imposes a tax on the profits of US resident corporation at a rate of 21%. Taxable corporate profits are equal to a corporation’s receipts less allowable deductions including the cost of goods sold, wages and other employee compensation expenses, interest, nonfederal taxes, depreciation, and advertising. US-based corporations owned by foreign multinational companies generally face the same US corporate tax rules on their profits from US business activities, as do US-owned corporations. In addition to the federal taxes, US income can be taxed at the state and local government levels as well. State tax rates vary from 0% to 13%, and the state income tax paid is deductible for federal income tax purposes.

U.S.-based companies owned by foreign multinational corporations are generally subject to the same U.S. corporate tax rules regarding earnings from U.S. business activities as U.S. corporations. In addition to federal taxes, U.S. income can be taxed at the state and local government levels.

State tax rates range from 0% to 13%, and state income tax paid is deductible from federal income tax.

Russia

In Russia, the tax system has a legislative nature that is often changed by the authorities. 20%. Tax authorities and "delay penalties" may be subject to investigation and investigation by competent authorities. A tax year is the primary consolidation that follows up to be examined by tax authorities. The recent events in Russia show that they are more stable in the interpretation and implementation of tax legislation. Financial losses can be carried for a period of three years to be deducted from the profit of the institution.

Germany

Germany’s effective corporate tax rate, including trade tax and solidarity tax is about 28.9%. Germany’s overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% (5.5 %of the corporate income tax) and municipal trade tax which varies between 7% and 17.64%. Losses can be carried forward for offset against future taxable income indefinitely.

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30 Income taxes (continued)

Corporate tax (continued)

However, the offset is limited: losses may be offset against profits up to EUR 1,000 thousand without restriction, but only 60% of income exceeding EUR 1,000 thousand may be offset against loss carry forwards.

Canada

Canada’s federal-provincial general corporate income tax rate is 26.88%. Tax losses can be carried forward for 20 years.

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Tax Expense

For the years ended 31 January 2023 and 31 January 2022, tax expense recognized in profit loss comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Tax expense:		
Current year tax expense	(396,507)	(153,666)
Revaluation tax expense	(3,441)	(2,157)
	(399,948)	(155,823)
Deferred tax income:		
Deferred tax income/(expense) on temporary differences	156,009	39,819
Total tax expense	(243,939)	(116,004)

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30 Income taxes (continued)

Tax Expense (continued)

For the years ended 31 January 2023 and 31 January 2022, tax income recognized in other comprehensive income the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Tax income/(expense), net:		
Deferred tax income/(expense) on remeasurement of the defined benefit liability, net	523	1,512
Deferred tax income/(expense) on cash flow hedge gains, net	10,184	(8,363)

As of 31 January, the details of the current tax assets/liabilities is as follows:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Related to prior year's tax (receivables)/payables	44,048	(11,432)
Tax expense	399,948	155,823
Corporate taxes paid	(394,792)	(100,343)
Total tax (asset)/liability, net	49,204	44,048
Current tax asset	(32,987)	(7,453)
Current tax liabilities	82,191	51,501

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30 Income taxes (continued)

Tax Expense (continued)

Reconciliation of effective tax rate

The reported taxation charge For the years ended 31 January 2023 and 31 January 2022 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	1 February 2022– 31 January 2023	%	1 February 2021– 31 January 2022
Profit for the year		1,459,144		423,018
Total income tax expense		(243,939)		(116,004)
Profit before tax		1,703,083		539,022
Tax calculated with the Company's statutory tax rate	(23.0)	(391,709)	(25.0)	(134,756)
Effect of tax rates in foreign jurisdictions	0.1	2,418	0.2	1,320
Non-deductible expenses ⁽¹⁾	(1.4)	(24,479)	(1.5)	(7,878)
Tax effect of exempt income	0.7	12,689	1.0	5,389
Impact of change in tax rate	(0.1)	(1,958)	(1.3)	6,947
Impact of revaluation reserve ⁽²⁾	9.0	153,981	2.9	15,843
Effect of other adjustments	(0.3)	5,119	(0.5)	(2,869)
Current tax expense	(14.3)	(243,939)	(21.5)	(116,004)

⁽¹⁾For the year ended 31 January 2023 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 39,785 (31 January 2022: TL 12,955).

⁽²⁾Provisional Article 32 of the Tax Procedure Law and repeated Article 298-ç; taxpayers are allowed to revalue their depreciable economic assets and immovables with tax as of 31 January 2023 and taxfree in the following period, respectively. In this framework, a revaluation has been made in the legal financial statements, and as a result of the revaluation, a deferred tax asset of TL 153,981 has been recorded in the consolidated financial statements.

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30 Income taxes (continued)

Tax Expense (continued)

Recognized deferred tax assets and liabilities

As of 31 January 2023 and 31 January 2022, the items attributable to deferred tax assets and deferred tax liabilities consist of the following:

	31 January 2023		
	Assets	Liabilities	Net amount
Property, plant and equipment	94,888	(3,902)	90,986
Intangible assets	18,207	(16,357)	1,850
Right-of-use asstes	--	(82,918)	(82,918)
Inventories	35,447	(2,195)	33,252
Due from related parties	--	(2,832)	(2,832)
Trade and other receivables	13,874	(1,516)	12,358
Derivative instruments	3,541	--	3,541
Trade and other payables	21,827	(1,033)	20,794
Lease liabilities	91,312	--	91,312
Provisions	14,248	(1,183)	13,065
Employee benefits	13,695	--	13,695
Financial borrowings	--	(1,156)	(1,156)
Other temporary differences	4,230	(16)	4,214
Total	311,269	(113,108)	198,161
Offset	(98,336)	98,336	
	212,933	(14,772)	

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30 Income taxes (continued)

Tax Expense (continued)

Recognized deferred tax assets and liabilities (continued)

	31 January 2022		
	Assets	Liabilities	Net amount
Property, plant and equipment	12,969	(2,821)	10,148
Intangible assets	1,081	(14,949)	(13,868)
Right-of-use asstes	--	(64,049)	(64,049)
Inventories	15,497	(967)	14,530
Due from related parties	1	(401)	(400)
Trade receivables	5,527	(655)	4,872
Derivative instruments	--	(6,643)	(6,643)
Trade and other payables	11,482	(668)	10,814
Provisions	5,305	--	5,305
Employee benefits	4,142	--	4,142
Financial borrowings	--	(38)	(38)
Lease liabilities	71,932	--	71,932
Other temporary differences	1,627	(128)	1,499
Total	129,563	(91,319)	38,244
Offset	(80,202)	80,202	
	49,361	(11,117)	

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30 Income taxes (continued)

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

	1 February 2022	Current period deferred tax income/ (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2023
Property, plant and equipment	10,148	81,563	--	(725)	90,986
Intangible assets	(13,868)	21,546	--	(5,828)	1,850
Inventories	14,529	18,203	--	520	33,252
Due from related parties	(400)	(2,209)	--	(223)	(2,832)
Trade and other receivables	4,872	7,197	--	289	12,358
Derivative instruments	(6,643)	--	10,184	--	3,541
Right-of-use assets	(64,049)	(18,863)	--	(6)	(82,918)
Trade and other payables	10,814	10,351	--	(371)	20,794
Lease liabilities	71,932	19,380	--	--	91,312
Provisions	5,305	6,851	--	909	13,065
Employee benefits	4,142	8,303	523	727	13,695
Financial borrowings	(38)	(1,118)	--	--	(1,156)
Other temporary differences	1,500	4,805	--	(2,091)	4,214
	38,244	156,009	10,707	(6,799)	198,161

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30 Income taxes (continued)

	1 February 2021	Current period deferred tax income/ (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2022
Property and equipment	33,117	(23,338)	--	369	10,148
Intangible assets	(43,174)	37,587	--	(8,281)	(13,868)
Inventories	6,450	7,216	--	863	14,529
Due from related parties	(221)	1	--	(180)	(400)
Trade and other receivables	927	3,434	--	511	4,872
Derivatives	1,720	--	(8,363)	--	(6,643)
Right of use assets	(72,101)	9,037	--	(985)	(64,049)
Trade and other payables	(936)	12,049	--	(299)	10,814
Lease liabilities	78,229	(6,297)	--	--	71,932
Provisions	2,650	2,526	--	129	5,305
Employee benefits	2,344	(85)	1,512	371	4,142
Financial borrowings	(35)	(3)	--	--	(38)
Other temporary differences	1,665	(2,308)	--	2,143	1,500
	10,635	39,819	(6,851)	(5,359)	38,244

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31 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the years ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	Restated 31 January 2022
Net profit for the year attributable to owners of the Company	1,439,375	400,441
Weighted average number of ordinary shares	99,314,000	99,314,000
Earnings per share	14.4932	4.0320

32 Derivative instruments

As at 31 January 2023 and 31 January 2022, short-term derivatives are as follows:

	31 January 2023	31 January 2022
Financial liabilities arising from forward contracts for hedging purposes	(17,698)	--
Financial assets arising from forward contracts for hedging purposes	--	28,882
	(17,698)	28,882

As of 31 January 2023, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 42,522 thousand in equivalent of TL 890,938. By applying hedge accounting, the fair value difference of TL 17,698, resulting from such forward transactions, is recognized in other comprehensive income.

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33 Financial instruments

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management of framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The allowance is provided for receivables that are legally insolvent. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

33 Financial instruments (continued)

Credit risk (continued)

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Turkey, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2023, the DDS limit of the Company is amounting TL 579,471 thousand (31 January 2022: 237,066 thousand). The Company also obtains guarantees from its customers as another means of securing its receivables.

Management believes that the unimpaired amounts that are pass due by more than 30 days are still collectable in full, based on the historical behavior and analysis of customer credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

33 Financial instruments (continued)

Market risk (continued)

Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The functional currencies of Group entities are CAD, USD, EUR and RUB. The Group uses derivative financial instruments such as short-term forward foreign exchange contracts to hedge currency risk.

The interest on the loans received is based on the exchange rate of the loan. Loans received are mainly in TL, and are generally at rates that match the cash flows generated as a result of the group's operations. This provides economic hedging from financial risk without the need for derivative transactions.

Interest rate risk

The Group is not exposed to the risk of interest rate since the Group does not have any variable interest rate borrowings.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure in order to reduce the cost of capital.

34 Nature and level of risks related to financial instruments

Credit risk

The carrying amounts of financial assets shows the maximum credit risk exposure. As of the reporting date, the maximum exposure to credit risk is as follows:

	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
31 January 2023					
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	870,657	12,216	29,769	3,238,077
– Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	817,928	12,216	29,769	3,238,077
B. Net book value of financial assets which are overdue, but not impaired	--	52,729	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
– Overdue (gross book value)	--	53,262	--	--	--
– Impairment (-)	--	(53,262)	--	--	--
–Secured portion of net amount by guarantees	--	--	--	--	--
– Not past due (gross carrying amount)	--	--	--	--	--
– Impairment (-)	--	--	--	--	--
– Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2023	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	28,686	--
Past due between 1-3 months	9,434	--
Past due between 3-12 months	14,609	--
Total past due	52,729	--

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.

⁽²⁾ Cash and cash equivalents exclude cash on hand

34 Nature and level of risks related to financial instruments

(continued)

Credit risk *(continued)*

	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
31 January 2022					
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	394,487	--	33,211	1,505,667
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	355,638	--	33,211	1,505,667
B. Net book value of financial assets which are overdue, but not impaired	--	38,849	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	37,265	--	--	--
- Impairment (-)	--	(37,265)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2022	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	22,780	--
Past due between 1-3 months	13,816	--
Past due between 3-12 months	2,253	--
Total past due	38,849	--

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.

⁽²⁾ Cash and cash equivalents exclude cash on hand.

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34 Nature and level of risks related to financial instruments
(continued)

Credit risk (continued)

Impairment

For the years ended 31 January 2023 and 31 January 2022, movement of the provision for doubtful receivables is as follows:

	1 February 2022- 31 January 2023	1 February 2021- 31 January 2022
Balance as of the beginning of the period	37,265	22,175
Current year provision	3,974	1,561
Provisions released	(567)	(1,414)
Write-offs	(4,412)	(479)
Effect of exchange rates	17,002	15,422
Balance as of the end of the period	53,262	37,265

The Group monitors the collectability of its trade receivables periodically and records provision for potential losses on doubtful receivables based on historical collection rates. Subsequent to recognition of allowance for doubtful receivables, partial or full recovery of doubtful receivables will be recorded under profit or loss with an offset to provision for doubtful receivables.

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34 Nature and level of risks related to financial instruments
(continued)

Liquidity risk

As at 31 January 2023 and 31 January 2022, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2023	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	1,540,516	1,807,815	99,719	1,708,096	--	--
Lease liabilities	5	640,061	756,108	163,682	246,167	317,533	28,726
Trade payables to third parties	7	2,636,580	2,645,566	1,426,877	1,217,929	760	--
Trade payables to related parties	6	323,941	330,526	61,821	268,705	--	--
Other payables to related parties	6	41	41	41	--	--	--
Total		5,141,139	5,540,056	1,752,140	3,440,897	318,293	28,726

31 January 2022	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	890,608	958,680	279,507	679,173	--	--
Contractual lease liabilities	5	505,925	607,506	108,199	165,049	301,234	33,024
Trade payables to third parties	7	975,843	979,457	786,429	193,028	--	--
Trade payables to related parties	6	212,803	214,489	206,008	8,481	--	--
Other payables to related parties	6	41	41	41	--	--	--
Total		2,585,220	2,760,173	1,380,184	1,045,731	301,234	33,024

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34 Nature and level of risks related to financial instruments
(continued)

Market risk

Currency risk

As of 31 January 2023 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	21,140	781	--	6,467
2a. Monetary financial assets (including cash. banks)	100,737	4,053	548	13,375
2b. Non-monetary financial assets	--	--	--	--
3. Other	29,872	1,581	8	--
4. Current assets (1+2+3)	151,749	6,415	556	19,842
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	151,749	6,415	556	19,842
10. Trade payables	59,739	2,268	797	823
11. Financial liabilities	8,714	286	164	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	68,453	2,554	961	823
14. Trade payables	--	--	--	--
15. Financial liabilities	8,346	242	186	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	8,346	242	186	--
18. Total liabilities (13+17)	76,799	2,796	1,147	823
19. Net asset/(liability) position of derivative instruments (19a-19b)	(799,452)	(42,552)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	799,452	42,552	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(724,502)	(38,933)	(591)	19,019
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	45,078	2,038	(599)	19,019

As at 31 January 2023, Mavi Turkey has trade receivables amounting to TL 176,719 from consolidated subsidiaries which comprise; USD 554 thousand, CAD 462 thousand EUR 1.598 thousand and RUB 473,714 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 221,798. The Group has fx protected deposits amounting USD 3,000 thousand as of the balance sheet date.

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34 Nature and level of risks related to financial instruments
(continued)

Market risk (continued)

Currency risk (continued)

As of 31 January 2022 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	12,962	582	--	5,162
2a. Monetary financial assets (including cash. banks)	65,150	2,645	1,511	7,087
2b. Non-monetary financial assets	--	--	--	--
3. Other	13,924	1,039	--	--
4. Current assets (1+2+3)	92,036	4,266	1,511	12,249
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	92,036	4,266	1,511	12,249
10. Trade payables	21,264	1,001	509	239
11. Financial liabilities	67,751	340	4,222	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	89,015	1,341	4,731	239
14. Trade payables	--	--	--	--
15. Financial liabilities	12,373	505	376	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	12,373	505	376	--
18. Total liabilities (13+17)	101,388	1,846	5,107	239
19. Net asset/(liability) position of derivative instruments (19a-19b)	(134,385)	(10,028)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	134,385	10,028	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(143,737)	(7,608)	(3,596)	12,010
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(23,276)	1,381	(3,596)	12,010

As at 31 January 2022, Mavi Turkey has trade receivables amounting to TL 23,261 from consolidated subsidiaries which comprise; USD 81 thousand, CAD 143 thousand EUR (112) thousand and RUB 127,618 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 16. The Group has fx protected deposits amounting USD 2,000 thousand as of the balance sheet date.

34 Nature and level of risks related to financial instruments
(continued)

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

The Group's foreign exchange risk consists of movements of TL against Euro, US Dollar and Rouble and Australia Dollar.

The basis for performing sensitivity analysis to measure foreign exchange risk is to disclose total currency position of the Company. Total foreign currency position consists of all purchase/sales agreements in foreign currency and all assets and liabilities. Analysis does not include net foreign currency investments.

The Group’s short-term and long-term borrowings are carried out in balance under pooling/ portfolio model.

Foreign Currency Sensitivity Analysis				
31 January 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	3,830	(3,830)	3,830	(3,830)
2- Hedged portion of USD (-)	--	--	79,945	(79,945)
3- Net effect of USD (1+2)	3,830	(3,830)	83,775	(83,775)
In case of 10% appreciation/depreciation of EUR				
4- EURO net asset/liability	(1,224)	1,224	(1,224)	1,224
5- Hedged portion of EURO (-)	--	--	--	--
6- Net effect of EURO (4+5)	(1,224)	1,224	(1,224)	1,224
In case of 10% appreciation/depreciation of other				
7- Other currency net asset/liability	1,902	(1,902)	1,902	(1,902)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	1,902	(1,902)	1,902	(1,902)
Total (3+6+9)	4,508	(4,508)	84,453	(84,453)

34 Nature and level of risks related to financial instruments
(continued)

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	1,851	(1,851)	1,851	(1,851)
2- Hedged portion of USD (-)	--	--	13,439	(13,439)
3- Net effect of USD (1+2)	1,851	(1,851)	15,290	(15,290)
In case of 10% appreciation/depreciation of EUR				
4- EURO net asset/liability	(5,380)	5,380	(5,380)	5,380
5- Hedged portion of EURO (-)	--	--	--	--
6- Net effect of EURO (4+5)	(5,380)	5,380	(5,380)	5,380
In case of 10% appreciation/depreciation of other				
7- Other currency net asset/liability	1,201	(1,201)	1,201	(1,201)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	1,201	(1,201)	1,201	(1,201)
Total (3+6+9)	(2,328)	2,328	11,111	(11,111)

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34 Nature and level of risks related to financial instruments
(continued)

Market risk (continued)

Interest rate risk

Profile

The interest rate profile of the Group's interest-bearing financial instruments is:

Fixed interest rate items	31 January 2023	31 January 2022
Financial assets	2,607,481	1,122,532
Financial liabilities	(2,180,577)	(1,396,533)

The fair value of fixed rate instruments risk:

The Group does not have any derivative instruments (interest rate swaps) accounted under fair value hedge accounting model or financial assets or liabilities for which fair values are recorded in profit or loss. Therefore, any changes in interest rates during the reporting period will not have an impact on profit or loss.

The fair value of variable rate instruments risk:

As the Group does not have any variable rate borrowings, changes in interest rates as of the reporting period will not have an impact on profit or loss.

Capital risk management

The Group's objectives when managing capital are to safeguard and provide benefits to other stakeholders in order to reduce the cost of capital in order to maintain and protect the optimal capital structure of the Group.

To maintain or adjust the capital structure, the Group determines the amount of dividends paid to shareholders, issue new shares or may sell assets to reduce debt.

Group capital and net financial debt/equity ratio is followed using net financial debt less cash and cash equivalents; total financial debt is calculated by deducting from that amount.

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34 Nature and level of risks related to financial instruments
(continued)

Capital risk management (continued)

As at 31 January 2023 and 31 January 2022, net debt / equity ratios are as follows:

	31 January 2023	31 January 2022
Loans and borrowings (Note 5) ⁽ⁱ⁾	2,180,577	1,396,533
Cash and cash equivalents (Note 4)	(3,244,612)	(1,481,617)
Net financial liabilities	(1,064,035)	(85,084)
Equity	2,731,948	1,193,357
Net financial liabilities / equities rate	(0.39)	(0.07)

⁽ⁱ⁾Lease liabilities are included arising from TFRS 16.

35 Financial instruments (fair value disclosures and disclosures under hedge accounting)

Fair values

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2023 Financial liabilities measured at fair value							
Derivative financial instrument	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)
Total	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2022 Financial assets measured at fair value							
Derivatives	28,882	--	28,882	--	28,882	--	28,882
Total	28,882	--	28,882	--	28,882	--	28,882

35 Financial risk management (continued)

Fair values (continued)

Fair value disclosures

The Group estimates the fair values of financial instruments based on market information readily available and proper valuation approaches. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

When measuring fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

36 Subsequent events

The Group evaluated possible impacts of earthquake that took place in Kahramanmaraş on 6 February 2023 on the consolidated financial statements and reviewed the estimates and assumptions used in preparation of the consolidated financial statements. The Group management assessed that the earthquake does not have any significant effect on the consolidated financial statements as of 31 January 2023.

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.

36 Subsequent events (continued)

Pursuant to the "Law on Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette dated 12 March 2023 and numbered 32130, by showing in the corporate tax return for 2022, it is ensured that a one-time additional tax of 10% is charged on the exemptions and deductions made from corporate income, and on the tax bases subject to reduced corporate tax, without being associated with the period's income. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, the Group assessed that related amendments do not have any significant effect on the Group's consolidated financial statements as of 31 January 2023.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Unaudited Supplementary Information

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure under TFRS. Reconciliation of EBITDA For the years ended 31 January 2023 and 31 January 2022 are as follows:

	Note	31 January 2023	31 January 2022
Profit		1,459,144	423,018
Tax expense	30	243,939	116,004
Profit before tax		1,703,083	539,022
- Fx protected deposit income		(13,087)	--
- Net finance costs		333,431	159,764
- Rediscount interest on trade payables, net		(25,945)	(6,477)
- Exchange difference on trade receivables and payables, net		(9,177)	(12,618)
- Depreciation and amortisation	27	503,024	358,049
EBITDA		2,491,329	1,037,740

As of 31 January 2023 TFRS 16 has an impact of TL 428,503 (31 January 2022 : TL 272,409) on EBITDA.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Unaudited Supplementary Information

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APPENDIX 2 Effect of TFRS 16 on Financial Statements

The effects of TFRS 16 lease standard on the Group's financial statements are presented below:

	31 January 2023	TFRS 16 Effect	After TFRS 16
Current assets	6,788,195	(3,447)	6,784,748
Non-current assets	1,267,919	590,077	1,857,996
Short-term liabilities	5,093,352	350,245	5,443,597
Long-term liabilities	177,383	289,816	467,199
Equity	2,785,379	(53,431)	2,731,948

	1 February– 31 January 2023	TFRS 16 Effect	After TFRS 16
Operating profit	1,944,848	77,896	2,022,744
Operating profit before finance costs	1,958,618	77,896	2,036,514
Finance income	304,767	--	304,767
Finance expense	(555,902)	(82,296)	(638,198)
Profit before tax	1,707,483	(4,400)	1,703,083
Net profit	1,462,768	(3,624)	1,459,144
EBITDA	2,062,826	428,503	2,491,329

07 GENERAL ASSEMBLY

- 7.1 Agenda of the Ordinary General Assembly
- 7.2 Dividend Distribution Policy
- 7.3 Dividend Distribution Proposal
- 7.4 Dividend Distribution Table
- 7.5 Declaration for Independency

7.1 AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ DATED 27 APRIL 2023 FOR THE SPECIAL ACCOUNTING PERIOD OF 1 FEBRUARY 2022–31 JANUARY 2023

1. Opening and Election of the Meeting's Chairperson,
2. Reading, discussion and approval of the Annual Report prepared by the Company's Board of Directors for the special accounting period of 1 February 2022–31 January 2023,
3. Reading of the Independent Audit Report Summary for the special accounting period of 1 February 2022–31 January 2023,
4. Reading, discussion and approval of the Financial Statements relating to the special accounting period of 1 February 2022–31 January 2023,
5. Release of the Board of Directors' members separately and individually from their liabilities with respect to their activities within the Company's special accounting period of 1 February 2022–31 January 2023,
6. Approval of the Board of Directors' proposal prepared within the framework of the Dividend Distribution Policy on the determination of the manner of utilization and distribution of the profit for the special accounting period of 1 February 2022–1 January 2023 the applicable dividend distribution ratios and the date of dividend distribution,
7. Informing the shareholders on the Remuneration Policy which sets out the principles of remuneration of the Board Members and the Senior Executives in accordance with the Capital Markets Board's regulations and providing information regarding the attendance fees paid to the Board of Directors' members in accordance with such Policy within the special accounting period of 1 February 2022–31 January 2023,
8. Determination of the salaries and other rights of Board of Directors' Members such as attendance fees, bonuses and premiums,

9. Approval of the appointment made in accordance with Article 363 of the Turkish Commercial Code to the Independent Member of the Board of Directors, which became vacant within the special accounting period of 1 February 2022–31 January 2023,
10. Appointment of the auditor,
11. Informing the shareholders on the donations made by the Company within the special accounting period of 1 February 2022 – 31 January 2023, approval of donations made due to the earthquake by the General Assembly within the framework of the Capital Markets Board's decision dated 09 February 2023 and numbered 8/174 and determination of an upper limit for the donations to be made within the special accounting period of 1 February 2023 – 31 January 2024,
12. Informing the shareholders on the securities, pledges, collaterals and mortgages granted to third parties within the special accounting period of 1 February 2022–31 January 2023 in accordance with the Capital Markets Board regulations and the revenues or benefits obtained in connection therewith,
13. Granting authority to the members of the Board of Directors in accordance with sections 395 and 396 of the Turkish Commercial Code, and informing the shareholders on the transactions carried out during the special accounting period between 1 February 2022–31 January 2023, in accordance with the mandatory principle 1.3.6 of the Corporate Governance Communiqué as promulgated by the Capital Markets Board,
14. Wishes and requests.

7.2 DIVIDEND DISTRIBUTION POLICY

The purpose of the dividend distribution policy is to ensure that a balanced and consistent policy is implemented pursuant to the applicable legislation in relation to the interests of the investors and the Company, inform the investors sufficiently and maintain a transparent policy toward the investors.

The general assembly, upon the proposal of the Board of Directors, resolves on the distribution of dividends and the timing and manner of such distribution. To the extent allowed by applicable regulations and financial resources, and taking into account market expectations, long term strategies of the Company, needs of the subsidiaries and affiliates, investment and financing policies and profitability and cash reserves, the Company aims to distribute to the shareholders and other persons sharing the profit at least 30% of the distributable net profit calculated for the relevant period pursuant to the Articles of Association, TCC, CMB's Dividend Distribution Communiqué No. II-19.1 and tax legislation. Dividends may be distributed in cash and/or bonus shares and/or as a combination of both in certain ratios. Dividends are distributed equally to all shares in existence at the time of distribution, pro rata to their respective ratios and regardless of their date of issuance or their date of acquisition. Dividend payments may be made in equal or varying installments, provided that this is resolved upon during the general assembly meeting where the general assembly has resolved to make dividend distribution. The dividend distribution will commence on the date determined by the General Assembly, provided that the distribution is initiated before the end of the accounting period within which that General Assembly meeting takes place. The General Assembly's dividend distribution resolution, passed in accordance with the Articles of Association, may not be revoked unless permitted by applicable law. Should the Board of Directors propose not to distribute dividends, the reasons for this proposal and the manner in which the retained profit would be used will be explained under the agenda item concerning dividend distribution, and this information will be submitted to the shareholders during the General Assembly.

The Board of Directors' dividend distribution proposal or the Board resolutions relating to the distribution of advance dividends will be announced to the public in accordance with the relevant regulations, with the form and content of the relevant proposal/resolution, and the tables showing the dividend distribution or the advance dividend distribution, as applicable. Furthermore, to the extent any amendments to this dividend distribution policy are to be introduced, the Board resolution regarding such amendments shall be announced to the public with the reasons of amendment.

7.3 THE BOARD OF DIRECTORS' DIVIDEND DISTRIBUTION PROPOSAL FOR THE SPECIAL ACCOUNTING PERIOD DATED 1 FEBRUARY 2022–31 JANUARY 2023

It has been decided that the payment of TRY 429,455,142.33 total gross amount of cash covered from the 2022 financial year dividend resulting in TRY 4.3242 (432,42%) gross payment per TRY 1 nominal value share to the approval of the shareholders at the Ordinary General Assembly Meeting in which the operating results of 2022 financial year will be discussed. According to the proposal, dividend payments will commence as of 10.05.2023.

7.4 DIVIDENT DISTRIBUTION TABLE

Mavi Giyim Sanayi ve Ticaret A.Ş. Profit Distribution Proposal for 2022 (TL)			
1. Paid-in Capital			99.314.000,00
2. General legal reserves (as per statutory records)			19.165.758,02
Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividends: No			
		As per Capital Markets Board	As per Statutory Records
3.	Profit for the period	1.703.083.208,00	1.578.581.461,70
4.	Taxes (-)	243.938.992,00	369.417.318,59
5.	Net Profit (=)	1.439.375.251,00	1.209.164.143,11
6.	Prior years' losses (-)	--	--
7.	Legal reserve fund (-)	9931.400,00	9931.400,00
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	1.429.443.851,00	1.199.232.743,11
	Dividend Advance Distributed (-)	--	--
	Dividend Advance Less Net Distributable Current Period Profit	1.429.443.851,00	1.199.232.743,11
9.	Grants made during the year (+)	2.073.290,03	0,00
10.	Net distributable profit including grants	1.431.517.141,03	--
11.	First category dividend to shareholders	--	--
	-Cash	429.455.142,31	--
	-Shares	--	--
	-Total	429.455.142,31	--
12.	Dividends distributed to preferred shareholders	--	--
13.	Other dividends distributed	--	--
	-Members of the Board of Directors	--	--
	-Employees	--	--
	-Non-shareholders	--	--
14.	Dividends distributed to holders of usufruct right certificates	--	--
15.	Second category dividend to shareholders	--	--
16.	Legal reserve fund	42.448.944,23	--
17.	Status reserves	--	--
18.	Special reserves	--	--
19.	EXTRAORDINARY RESERVES	957.539.764,46	727.328.656,57
20.	Other sources planned for distribution	--	--
	Retained Earnings	--	--
	-Extraordinary reserves	--	--
	-Other distributable reserves as per the legislation and Articles of Association	--	--

Mavi Giyim Sanayi ve Ticaret A.Ş. Information on Dividend per Share for 2022						
GROUP		TOTAL DIVIDEND AMOUNT*		TOTAL DIVIDEND AMOUNT/ NET DISTRIBUTABLE PROFIT FOR THE PERIOD*	DIVIDEND PER SHARE FOR 1 TL NOMINAL VALUE	
		CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)
Gross	A (**)	936,564,55	--	0,07	4,3242	432,42
	B (***)	428,518,577,78	--	29,77	4,3242	432,42
	Total	429,455,142,33	--	29,84		
Net	A (**)	842,908,10	--	0,06	3,8918	389,18
	B (***)	385,666,720,00	--	26,79	3,8918	389,18
	Total	386,509,628,10	--	26,85		

* Group A shares representing 0,22% of the capital are owned by Blue International Holding BV. The Company shall be subject to withholding tax within the framework of the provisions of the Double Taxation Prevention Agreement.

**The Company does not have information regarding the entity type of Group B shareholders ("limited liability, full liable, legal entity or real person"). The calculation is based on the assumption that all shareholders in this group are subject to withholding tax at the local rate.

7.5 DECLARATION FOR INDEPENDENCY

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Mavi Giyim Sanayi ve Ticaret A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in Capital Markets Board's ("CMB") Communiqué on Corporate Governance, I have benefited from the exemption regulated in the article 5 (6) of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board because of the other independent board members are being resident in Turkey under the Revenue Tax Law No.193 ("RTL") dated December 31, 1960 and for the nomination based on the RTL was not necessary to resident in Turkey. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided.
- c) My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member.
- d) After my election I will not work full-time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations.
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders.
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities.
- g) I have not been on the board the Company for more than six years within last ten years.
- h) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.

i) I am not registered in the name of any legal entity elected as a board member.

31.05.2022

Zeynep Yalım Uzun



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(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ON THE MANAGEMENT’S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR’S REPORT ON THE MANAGEMENT’S ANNUAL REPORT

To the General Assembly of Mavi Giyim Sanayi ve Ticaret A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Mavi Giyim Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (“the Group”) for the period between 01/02/2022–31/1/2023, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management’s annual report and the Management’s discussions on the Group’s financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



3) Auditor’s Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group’s full set consolidated financial statements for the period between 01/02/2022–31/1/2023 in our Auditor’s Report dated 14 March 2023.

4) Management’s Responsibility for the Annual Report

The Group’s Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 (“TCC”) and “Communiqué on Principles of Financial Reporting in Capital Markets” with No.14.1 of the Capital Markets Board (“the Communiqué”):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group’s flow of operations for that year and the Group’s consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group’s development and risks that the Group may probably face are also pointed out in this report. The Board of Director’s evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Group’s activities subsequent to the financial year ends,
 - The Group’s research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

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5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Tolga Sirkecioğlu
Partner

İstanbul, 4 April 2023

DISCLAIMER

This Annual Report is prepared in accordance with the legal requirements to be presented to the Ordinary General Assembly, for the special accounting period of 1 February 2022–31 January 2023. Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision.

To the extent available, the industry, market and competitive position data contained in this Report come from independent official or third party sources. Although the Company believes that these information are provided by reliable sources, it has not, however, independently verified accuracy and completeness of the information contained therein. In addition, some of the market and competitive position data contained in this Report come from the internal research and estimates based on the knowledge and experience of the Company's management in the markets that the Company operates. Although, the Company believes that the internal research and estimates are reasonable, accuracy and completeness of these research and estimates and methodologies and assumptions relevant with these research and estimates have not verified by independent third parties. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the data stated in this Report.

Forward-looking statements included in this Report are subject to risks, uncertainties and other important factors which are known or unknown to the Company or which cannot be controlled or which can be controlled in a limited manner by the Company. These risks, uncertainties and other important factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Changes in customer tastes and spending patterns; changes in customer traffic; ability to accurately predict customer preferences and demands; ability to successfully implement new store rollout and retail strategy; effectiveness of brand awareness and marketing programs; difficulties that can be observed in retail fashion and fragility that can be observed in customer loyalty; competitive factors in retail fashion; impact of extreme unseasonal weather conditions on retail fashion; ability to retain key management and personnel; circumstances affecting relationships with major suppliers and distributors; currency and interest rate risks and fluctuations and other changes in financial markets and macro economic conditions; changes in tax rates, applicable laws and government policies and operational disruptions, natural disasters, wars, terrorist activities, work stoppages, slowdowns or strikes are, without any limitation of the foregoing, among these risks, uncertainties and other important factors. Explanations regarding risks, uncertainties and other important factors that may affect forward looking statements can be found in the explanatory notes of financial statements and in the "Risk Management and Internal Control System" section of this Report.

Forward-looking statements included in this Report are based on a number of assumptions relevant to the current and future business strategies of the Company and the business environment in which the Company operates. Forward-looking statements speak only as at the date on which they are made. The Company warns addressees of this Report that forward -looking statements does not constitute a guarantee as to the future performance and results of the Company and that actual results as to Company's financial position, expectations, growth, business strategy, plans and future operations may differ materially from forward-looking statements stated in this Report. In addition, even if the actual results and achievements as to Company's financial position, expectations, growth, business strategy, plans and future operations will be consistent with the forward-looking statements included in this Report, this consistency cannot be considered as an indicator as to any further future results and achievements. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the forward-looking statements stated in this Report. The Report and the accompanying disclaimer are provided both in Turkish and English languages. In case of any discrepancy between Turkish and English version of Zthe Report and the accompanying disclaimer, Turkish version shall prevail. The Company believes that the information included in this Report is accurate as of the date of the Report and accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.